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Cassels, Walter Gibson
Narrative of the circumstances which have occasioned a dispute between the directors of the Northern and central bank of England

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# NARRATIVE

OF THE CIRCUMSTANCES WHICH HAVE OCCASIONED A DISPUTE BETWEEN

THE DIRECTORS

OF THE

NORTHERN AND CENTRAL

# BANK OF ENGLAND

AND

WALTER GIBSON CASSELS,

MANAGER AT MANCHESTER,

AND AFTERWARDS

*AGENT FOR THE BANK IN LONDON,*

WITH EXTRACTS FROM HIS LETTERS WRITTEN PREVIOUSLY TO THE APPLICATION TO THE

BANK OF ENGLAND

*FOR ASSISTANCE.*

Quæque ipse miserrima vidi
Et quorum pars magna fui.

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BOULOGNE:

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TO THE SHAREHOLDERS

OF THE

NORTHERN AND CENTRAL

# BANK OF ENGLAND.

MANY circumstances render it imperative on me to address the following remarks to you. By the mismanagement of the affairs of the bank, the system of joint stock banking has been assailed, your property has been thrown away, many individuals have been deprived of situations, and censured for acts which when explained will be fastened on the real offenders, and I have not only been deprived of my situation, solemnly and after mature consideration conferred on me, but I have been attacked publicly and I fear *privately* as an accessary to the unpardonable deviations from sound and prudent banking, which have occasioned all these misfortunes. I have done all in my power to be enabled to prove, from the correspondence of the Directors and others at the Head Office, that I am not guilty of any thing leading to the unhappy results which we have all so much reason to deplore, but the Directors have, by an application to the Lord Chancellor, succeeded in preventing me from publishing *their* letters. What their *motive* is, I know not The state of the Bank precludes the possibility of *its* credit being injured, and no account could be laid open nor the name of any individual mentioned so as to hurt *his* credit. I shall leave to you to conjecture from the contents of my letters what was the nature of the answers. If any idea arise that by giving only *my side* of the question, I am acting unfairly, let it be recollected that the Directors have it in their power, by pronouncing one word, to enable me to lay before you *their share* of the correspondence.

So far as regards myself, I may be freed from one remark

that might have been brought against me. It might have been supposed that I published them from a feeling of vanity arising from the complimentary style in which, so long *as convenient*, they chose to address me Why so great a change has since taken place, I can only suppose arises from the knowledge that I am *now* acquainted with circumstances that were assiduously concealed from me. The actual state of the bank cannot now be hid by *private ledgers*, nor by *manufactured returns*.

I have two objects, particularly, in view in addressing to you this narrative. First to show that my anxiety for the welfare of the bank was unceasing, and thereby prove that I did all I could to serve you faithfully ; and secondly, to shew to my friends whom I left in Scotland that I have not lost that character for attention to the duties of my office which gained me the good opinion of so many in my native place. How far I may succeed with you, considering the soreness you must feel, under such heavy losses, I know not, but I am confident that when my friends in Scotland read my "unvarnished tale," I shall not lose any of their kind esteem.

I was applied to by letter in January, 1834, to learn if I would accept of the situation of Manager of the Northern and Central Bank at Manchester. I replied that it would depend on circumstances. Immediately after this, two gentlemen came to Leith to arrange with me. My situation as Agent for the National Bank of Scotland and also as Agent for the Hercules Insurance Company, etc., etc., gave me an income of more than £500 per annum. I was living among my relations and friends, and had no inducement to make a change, but I had five sons, whom I was anxious to see respectably provided for, and on stating these circumstances, I was told in a very flattering manner of the vast field that Lancashire presented for banking operations, and that if I consented to their offer, not only my comfort would be studied, but my sons would be provided for according to their respective merits. This last argument decided the point, and I accepted of the offer.

The terms, after stipulating that I must be guaranteed in payment of my salary *whatever the success of the bank might be*, were drawn out and signed as follows.

*Edinburgh, January* 23*d* 1834.

Memorandum of Agreement between John Fernley Esq., on the part of the Directors of the Northern and Central Bank of England, and Walter Gibson Cassels, Agent for the National Bank of Scotland at Leith.

The Directors agree, through Mr. Fernley, that Mr. Cassels shall be Manager at Manchester of the Northern and Central Bank of England, that his services will be required as soon as he can leave his present situation, and that his whole time and attention shall be devoted to the duties of the office. That Mr. Cassels shall reside on the premises to be fixed on by the Directors and that he shall pay no rent nor be liable for taxes, coals, candles, or gas, and that his salary shall be fixed at seven hundred pounds per annum, payable quarterly. That for the regular and constant performance of the duties and custody of the cash, bank-notes, bills, etc., etc., he shall find security to the satisfaction of the Directors to the extent of eight thousand pounds. That Mr. Cassels shall not be liable for or run any risk in discounting bills or granting credits, as these operations are to be authorised by the Directors or managing Directors. That Mr. Cassels is to take charge of and superintend all matters carried on at the Head Office, and examine returns from the Branches and immediately report any irregularity, and suggest any improvement That this agreement shall include a term of five years binding on both parties.

(Signed) JOHN FERNLEY.

(Signed) JOSEPH MACARDY, Witness.

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To show the manner in which the agreement was felt by all the parties, at the time, I insert the following documents.

COPY OF RESIGNATION AT LEITH.

25*th January*, 1834.

Dear Sir,

I request that you will have the goodness to intimate to the Directors of the National Bank of Scotland, that I have been induced to accept of an offer made to me unsolicited on my part, by the Northern and Central Bank of England at Manchester.

In accepting of the offer I have put myself and my own comfort out of the question and have had the advancement of my family only in view. The gentlemen who came from Manchester, in a very flattering manner, told me they were aware of the sacrifice of comfort I must make in changing my residence and that they would in addition to the handsome salary offered and guaranteed to me make a point of providing for my sons according to their respective merits.

I beg leave most respectfully to tender my resignation of my situation at this branch and to express my warmest and most sincere feelings of gratitude to the Directors for the many marks of kindness conferred on me. I am, etc.,

W. G. CASSELS.

George Crosbie, Esq.,
Secretary,
National Bank of Scotland.

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*Manchester, January 28th, 1834.*

My Dear Sir,

I should have had this pleasure yesterday if I could have found opportunity, but we were so long engaged in the Directory with very important arrangements, that I found it impracticable to write you. I am very happy to inform you that on giving the report of our proceedings when in Scotland, the Directors expressed themselves highly satisfied, and they will feel great pleasure in doing every thing they can to promote your personal as well as your domestic comfort in your connexion with the Institution. I ought to state that it was my intention to have had more conversation with you on Friday evening in reference to your sons—but was prevented by Mr. Lyle's hesitation, I have not however forgotten to name the subject to the Directors, and they agree with me, in assuring you that every wish of yours in reference to this subject will receive their ready attention.

I am glad to state that the Directors highly approve of our engagement with Mr. Lyle—to whom I beg my kind remembrances.

There is every probability that a suitable house, in point of situation, and with some additions and alterations in point of accommodation, will be secured this day—when the necessary alterations will be immediately commenced.

I should not be doing the Directors justice, if I were not to state, that each one seems actuated by the same motive, that is, to sink entirely all private views (interests there are none) and to promote the extended interests of the bank to the utmost of their power and ability. We continue to receive applications for shares—and are unable to accede to the number many request.

I feel very much obliged to Mrs. Cassels and yourself for the very polite attention we received when at Leith and especially to you for the business-like manner in which the preliminary and final arrangements were made. Believe me, etc.

JOHN FERNLEY.

I arrived in Manchester on the 4th February and immediately entered on the duties of my office. Previously to my arrival several places had been fixed upon to plant branches in, and I was sent from the Head Office very frequently to assist in making arrangements. The correspondence became very extensive, and the necessity of opening accounts with bankers and brokers in London also required great attention and care, but our exertions were so incessant that we were enabled to commence business on the 17th March, being about six weeks after my arrival. In dedicating my whole time and attention to the affairs of the bank, rising early, and working late, regardless of my own comforts and convenience, in setting out on journies at an hour's notice, travelling for many nights without being in bed, etc., etc., I did no more than my duty, and I claim no exclusive praise

beyond having done what was expected of me, and those who had an opportunity of seeing my exertions will bear witness that I did not eat the bread of idleness. Very soon after the opening of the bank, a very important discussion took place on two points, arising from a mode of banking with which I had no previous acquaintance, and from which, as fatal experience has proved, I trace many of our misfortunes. I mean the giving large advances on accounts without any tangible funds or security, and re-discounting bills to an enormous amount. My remarks on these points were met in the most decided manner by assuring me that no bank in Manchester could expect to get large and profitable accounts without liberal advances, and that as we could only secure our profit by the extent of business done, the re-discounting of bills was the source from which alone such profit could flow. We had at this time, as I was informed, secured the services, as Director, of a gentleman who had not only great experience in mercantile transactions, but also, as Director in another bank, then in a very flourishing condition. These advantages were obtained by our giving an advance which certainly, at the time, surprised me, but which now turns out to be a mere bagatelle compared to what has since been granted. This gentleman met my remarks in a way that at once silenced me, and I saw that nothing remained except to look to the prudence with which advances were made and bills discounted. The exercise of this prudence was never left to a manager or any officer of the bank, but was at all times exercised by the Directors, and I must say that during the time I was at the Head Office, I saw no wish to depart from a careful and prudent discharge of so important a duty. I allow that my anxiety as to the *amount* of business commenced even so soon as December, 1834, and I have fortunately retained copies of letters of that date which record my opinion. See letters of 10th, 11th, and 12th December, 1834. I need not enlarge on the transactions of that year, to the end of which I remained as manager at the Head Office, but a very important change took place, which I have now reason bitterly to repent of.

The importance of our business in London, arising from the amount of our transactions, and consequent necessity of large supplies from the re-discounting of our bills, and the great extent of our correspondence and operations from the number of our branches, had led to a discussion at the Board, as to the propriety of having an agent constantly on the spot, and various communications had taken place with

the view of ascertaining whether I would agree to settle in London, the Board having been pleased to fix on me, as the fittest person to fill the situation. I was, during a visit to London, written to on the subject, and asked if I would accept of it. My letter of 12th Decem., 1834, will show my feeling on the subject and on my return to the Head Office I was so seriously spoken to that I at length said, if it were thought of advantage to the bank I would not refuse. In consequence of this I was sent from Manchester on the 31st December, 1834, with a view to make trial of a residence in London, and the matter having been brought before the General Meeting in April, I was permanently appointed Agent in London on the 5th May, 1834, by the following Minute of the Board.

SPECIAL BOARD, 5th MAY, 1835.

Moved by Mr. Agnew, and seconded by Mr. Hardie, and Resolved,

That from the report of Mr. Cassels and the considerations relative to our London business, it is the opinion of this board that it is for the interest of the bank to have a permanent office in London.

Moved by Mr. Braidley, and seconded by Mr. Vernon, and Resolved,

That Mr. Cassels be appointed to the situation of our agent in London at a salary of one thousand guineas per annum in lieu of the situation of Manager which he now holds at the Head Office—this situation to continue for the same period as his engagement of Manager.

Moved by Mr. Fernley, and seconded by Mr. Agnew, and Resolved

That the present amount of guarantee given by Mr. Cassels shall form no precedent for the amount hereafter to be given by any person filling the situation of agent in London.

That a copy of these resolutions be given to Mr. Cassels and the Board adjourned to Thursday, at 11 o'clock, to receive his reply. (Signed) H. MOULT.

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I agreed to the terms proposed and the arrangements were completed.

At the time I left Manchester the affairs of the bank were in the most flourishing state. The advances on accounts were moderate, the supply of cash available, one half of the amount of shares had been paid up, the third call was in course of payment, and the fourth call was not made till the end of March, 1835, and at the balance of December, 1834, a dividend at the rate of 5 per cent. per annum was declared.

With a large access of capital *still to be received*, a growing circulation of notes. and large amount of deposits daily increasing, nothing was required but prudence and caution in the mode of conducting the affairs of the bank, so as to render it one of the most independent and lucrative establishments in England. From the date of my leaving the Head Office no part of the system of management was imparted to me and I was repeatedly ordered by letters to decline answering any inquiries addressed to me regarding the affairs of the bank, and to say generally that my removal from head quarters prevented me from being able to satisfy curiosity etc. My applications to be allowed to visit the Head Office and my fears that I would be forgotten by the shareholders were treated either with silence, or an encouraging hint that, such services as mine could never be forgotten, and in short every possible effort was made to keep me from a knowledge of what was going on. The anxieties expressed in my letters were treated with carelessness, and the burden of the letters received by me was that every thing was prosperous, and that I, as London agent, would not only in a short time be made to repose on a bed of roses, but that all the wealth and respectability of London would be shortly courting my acceptance of their money and their influence. When I look back to the anxious hours. and sleepless nights, the want of means to pay our way, the constant and overwhelming fear of some untoward event taking place, and the heartless indifference of the letters I received, and when I add the horror of the actual occurrence of such a crisis with all the consequent dreadful results, and when I think of the reward I have enjoyed for all my efforts, I cannot help exclaiming, " gratitude as a word should be cancelled in every dictionary and let no man henceforth think of any thing but securing his own fortune. "

It has often been stated to me by shareholders and others that if I had remained at the Head Office the bank would have been saved. I do not venture to say this, but I seriously believe that if the step which I very earnestly solicited had been taken the bank would have been saved; I mean in pointing out a gentleman to succeed me as manager whose advancement I urged from a knowledge of his great abilities and fitness for the situation. The Board would not listen to me, and soon after my friend was selected by the Directors of another bank who duly appreciated his talents and he is now the manager of that successful establishment. Instead of appointing him the directors took upon themselves the whole

management for twelve months, and during this interregnum the foundation was laid of that baseless fabric which has since fallen to the ground and carried with it all our hopes and expectations. It is not a little remarkable that I was unsuccessful in my endeavours to procure the services of two friends to fill most important situations and that both are now at the head of prosperous banking Establishments.

The letters I now submit to your perusal were written at a time when I firmly believed no act had been committed nor engagements entered into that could materially injure the ultimate safety of the bank, and if my fears be feebly expressed or if my appeals to the directors be worded with too little force, let it be remembered that I wrote under the belief that all was conducted prudently, and that steps were to be adopted effectually to relieve us from the pressure which fell so heavily on me. I am now thankful on a retrospect of all that has taken place that I have preserved such a proportion of my correspondence as will I think satisfy any one of the intense interest I felt for the safety of the bank, and considering the mighty power of the board and the comparative insignificancy of an individual such as myself I cannot avoid expressing my thanks to providence that I did write so fearlessly. I may state that the letters I have preserved are trifling as compared with the many that I wrote, and as the originals are in possession of the parties, I cannot alter one word of what was written, without detection.

Most of them were written after my voluminous daily correspondence was finished, and this will excuse any inaccuracies of diction or arrangement that may appear. Little did I think such letters would ever reach the eye of the public. I now proceed to state a few of the most prominent matters that I have been engaged in, and which have occasioned the injurious remarks on my conduct of which I so much complain. The first is,

## DEALING IN SHARES.

When I was spoken to at Leith as to the advantages I would enjoy in accepting of the offer to go to Manchester, I was told that each of the Directors and the manager would be entitled to take a thousand shares and to have credit for the cost till convenient to pay for them, and as there was no doubt of the shares being soon at a premium I might count upon making a handsome sum. On my arrival in Manchester I found there was by no means an inclination to appro-

priate so large an amount of shares to Directors and no mention was made of giving any to me. From my own feeling of the impropriety of giving too many shares even to Directors and my consciousness that I neither was entitled to so many, nor wished to run the risk of being so large a proprietor and also I believe from my habitual carelessness about my own emoluments I never made any application on the subject, but one of the Directors made, unsolicited by me, a proposal that two hundred shares should be allotted to me, and this was agreed to by the board. My name was accordingly given in to the Stamp Office and appears in the list of shareholders appended to the deed of settlement. Until a transaction was entered into in January, 1836, which will be noticed afterwards, I never interfered in any way with these shares, nor made any attempt to sell them. I never received any dividend, nor paid any part of the cost. Excepting the transaction in shares of the London and Westminster Bank which I now proceed to relate I have neither bought nor sold shares of any kind either in banks or any other concerns.

## LONDON AND WESTMINSTER SHARES.

In May 1836 I was desired to call at the London and Westminster Bank to sign the deed per procuration for sundry Directors of the Northern and Central Bank and when doing so I was asked by the secretary to sign for myself also.

Never having got any intimation of shares being placed in my name, and never having been told at what price they were bought, or for what purpose, I was at a loss to know how to act, but not doubting that a proper explanation would be given, I signed the deed and received the scrip for fifty shares.

I have never been informed what they cost nor the reason for making me a partner in that concern, but *after I got intimation to quit the service* I called at the office and was told the shares were entered in my name without any restriction and that I should take the dividend. I did so.

Though I was told at the London and Westminster bank that no doubt it was intended as a handsome way of making me a present, I do not mean to take any advantage of a transaction so strangely carried through, but I certainly mean to found an argument on it in its proper place, as confirmatory of the engagement under which I still claim to be a servant of the bank and entitled to my salary.

## FORMATION AND MANAGEMENT OF BRANCHES.

Much of the blame of losses in the establishment has been laid on the number of branches and mode in which they have been managed.

The Directors took the sole charge of fixing on the places where they were to be planted, and so loosely was the consideration as to number gone into, that I have known two of the Directors set off in a post chaise and the board never heard of their proceedings till they returned and reported having fixed on several towns in which to establish Branches. When I saw the rapidity with which they were established, I respectfully stated the difficulty of attending correctly to every thing necessary, and I particularly pressed on the board the necessity of appointing a well qualified inspector, that situation having become vacant by the resignation of Mr. Macardy. I pointed out several gentlemen as fit for the situation, and in particular one whom I knew to be eminently qualified for it, and with whom I had some correspondence on the subject.

I never could attain this object which I knew to be so necessary, and the duties, if performed at all were kept in the hands of the Directors. I am happy that the friend recommended by me escaped being employed by our unfortunate company and he is now manager of a bank in one of the thriving towns in Derbyshire. My anxiety on the subject of supervision of Branches will appear in my correspondence and in my strictures about sending the manager from the Head Office to pay visits to them, which in my humble opinion should never have been done. If as much anxiety had been shown by the Board to learn the *safety* of transactions at the Branches as the *amount* of them, I am sure that less loss would have occurred and less blame been thrown on the managers. I do not attempt to say that managers have not been too liberal and profuse and given away funds inconsiderately, but I know the *pleasure* shown by the Board at the *extent* of business done, was a dangerous encouragement to managers to increase the operations. I repeat that I never ceased to urge the appointment of a regular and well qualified inspector which would have been the best check to such dangerous operations. I was so anxious about this, that previously to my removal to London I wrote out and got printed, and presented to the Directors for their approval, Regulations for the Branches, the leading principle of which was the supervision of them by an inspec-

tor. This document went no farther than the proof sheets and no inspector having been appointed it fell entirely to the ground.

## EVIDENCE IN THE HOUSE OF COMMONS.

I have been most shamefully and falsely attacked regarding my evidence before the committee of the House of Commons and I have authority for saying that this has been encouraged by observations of some of the Directors. I maintain that every word I uttered there was consistent with a prudent and faithful discharge of the respective duties of officers of a bank under the joint-stock system, and I gave answers to the questions agreeably to what I thought was done in our bank and agreeably to what *was* done during my residence in Manchester. The charge against me is, first that I gave an account of how a bank *should be* managed, and not how our bank *was actually* managed. I answer to this that I firmly believed our bank continued to be managed on just and proper principles. I had been studiously kept in ignorance of the actual state of matters. The second point brought against me is, that *I disclosed the state of the bank's affairs* and particularly the amount *of advances* on open accounts.

Now what is the fact I was summoned and examined by the committee on the 28th of June, without having received any instructions from the Head Office on the subject. Questions were put to me regarding the state of the Bank's affairs which I could not understand, when in order to relieve me from embarrassment I was informed that a report had been received by the committee *direct* from the Head Office and that it had been *printed and distributed* long before I was sent for. The committee naturally thought that I, as confidential agent of the Bank, must have been cognizant of the contents of so important a document, but *it* as usual had been carefully concealed from me, and had been sent direct from the Board to the committee 17 days previously to my examination. So far from *my telling* the amount of advances, I could not have done so for I knew nothing about it, and regarding *my ignorance* of the document sent up, I am happy to say it is recorded in the evidence published by the committee where to Question 1756 I state in plain terms "*I have not seen the return.*" See also my letter of the 27th September on this point. Were any thing farther re-

quired, I could refer to a letter on the subject from the Head Office which I am prevented from publishing, but let the Directors say the word and you shall have it, and then will be seen who takes the responsibility of giving the information to the committee.

I think I need not say more on this point but it may be convenient to make one or two remarks on the evidence of another officer of the establishment, which being now published and read by every one I am at liberty to notice. In the evidence of Mr Moult on the 27th of February 1837—Question 12th He is asked what part of my evidence he would have altered. The answer is: I could state many points, particularly where he speaks of managers of Branches, I think he said *they were trustworthy*, but we have been a good deal disappointed in them. Now I never used such a phrase, nor ever alluded to their trustworthiness or merits in any way. All I stated was that the *Directors* selected the managers after making inquiry and getting proper testimonials, from a list of 300 to 400 applications, and my answers to questions put by Sir James Graham, Nos. 1890 to 1897 inclusive, will show how I considered the managers should have been looked after. Question 14.—At what period did the pressure on the Bank commence? Answer.—About August *last*. In reference to this let any one look at my letters for 12 months previous to August 1836, and say if I did not point out pressure long before that date. Question 828.—You felt no pecuniary difficulty except what arose from difficulty of getting discounts in London? Answer.—*None whatever*. 831.—All through 1835 you found no difficulty in obtaining discounts in London? Answer.—*None*. 846.—*That was the sole cause of your pecuniary embarrassment?* Answer.—*It was* Look at my letters, more particularly about *want of funds and bills*, and compare them with these answers. Had one half of the advances to Directors been sent to London in cash, no misfortune would have taken place, and as to want of discounts being the *only* cause, look to my letters of the 5th and 6th of August, and then let us ask how he could give such an answer. The actual fact is that we were kept in such constant poverty in London that I could not avoid pointing out the danger we ran of any important crisis or accident taking place, as I saw we could not help feeling severely its effects, and this will explain the *immediate consequences* of the loss of the parcel containing so large an mount as £108,000.

I shall only allude to one other point in the evidence, as it enables me to explain a very important matter which occasioned the breaking off the first agreement with the Bank of England, and produced those effects in winding up which I may say finished the Northern and Central Bank. I allude to the state of affairs, sent up to London to Mr. Braidley, on which the bargain with the Bank of England was founded, and which in the end was proved to be erroneous, and led to such disastrous consequences. In the evidence of Messrs. Moult and Braidley this state is particularly alluded to, and I am sorry to say it is treated in such an evasive way that no precise opinion can be formed of the facts. I shall endeavour to explain it. In the state sent to the committee, in June, 1836, the advances on open accounts are stated in round figures to be £1,100,000. In the state sent to Mr. Braidley, in November, 1836, they are stated at £900,000; and in the state sent to the Bank of England, in December, 1836, they are stated at £1,300,000.

The fact is that the state first sent may be taken as correct, wand hen the amount was shown to me in the committee. I was astonished at its magnitude and my subsequent etters alluded very particularly to it.

When Mr. Braidley communicated to me the contents of the state sent to him, and when he mentioned the advances to be only £900,000, I remarked that I was most happy to see it, as the exertions of the Board had reduced that item since my examination to the extent of £200,000, but when the *real state* sent to the Bank of England made its appearance, this item was increased to the enormous amount of £1,300,000. I was sent for by the Governor and being unable to account for such a manifest discrepancy, Messrs. Braidley, Evans, and Lyle, were immediately sent for, and those explanations took place which ultimately led to the winding up of the concern.

Mr. Braidley was thus deceived by the state sent to him, I was deceived by Mr. Braidley's communication of the particulars to me, and the confidence of the Bank of England in the candour of the officers of the Northern and central Bank was totally lost.

In the evidence there is a hesitation in the explanation of this affair which led to such melancholy results, that must not only astonish but grieve every honest mind. The fact is that the state sent to Mr. Braidley had been made out at the Head Office with the most minute care, and was *put into shape to suit the purpose at the time.*

If it had been a state to ascertain merely the profit and loss of the concern, no great fault could be found with it, provided every reliance could be put on the security of the balances due to the Bank, and the prudence of going so far; but as a document showing the liabilities of the Bank it was a complete imposition and, when I wrote to the Bank about it, I confessed that in the presence of the Governor I was *staggered* and could give no explanation. Mr. Moult gives the enquiry about the erroneous state the go by and says carelessly "it was sent from one Director to another." Why did he not at once state that it was made out and sent by *himself* to London? Mr Braidley delivered it over to a young man in the London office to be copied, and it was not only communicated to the Bank of England but given to influential gentlemen to show the care with which our business was in progress of curtailment, and *the original was in the hand-writing of the chairman.* I do not say there was any *intention* to deceive, but the effect was the same Mr. Braidley was deceived, I was deceived, the Bank of England was deceived, and the first agreement, under which the Northern and Central Bank might have risen like a Phœnix from its ashes, was overturned, your attempts to save your property rendered abortive, and all the humiliating disclosures brought to light which have destroyed the character of those with whom they originated, and plunged those who are not guilty in difficulty and distress. The plain story when candidly told is this, our advances, in June, 1836, were £1,400,000—when exposed to the committee and commented on, I did all in my power to point out the necessity of curtailment, and I was delighted to find by Mr. Braidley's communication that they were reduced to £900,000, and when the *truth* came out, to my inexpressible astonishment, instead of being *less* they had actually *increased* to £1 300,000.

Of the private ledger and the disclosures consequent on its production I say nothing; you know all about it.

I proceed to my narrative.

I continued in the performance of the very arduous duties of my office till the 10th of January, 1836, when a misfortune of the most painful nature befell me.

I had from motives of friendship and kindness, assisted a gentleman in many ways, and to an extent which at first I had no idea of, and which, in spite of my exertions, had increased beyond what prudence would justify and at the period I have stated, the *sudden death* of the person alluded to,

exposed me to demands which it was utterly out of my power to meet. Amidst the mental agony of such a situation, I was still determined to act honorably towards the Bank, and I made an immediate disclosure by a letter of which the following is a copy.

*London, 11th January, 1836.*

Gentlemen,

A misfortune of the most distressing nature has occurred to me and places me in a very critical situation. It is entirely personal and unconnected with the Banks concerns, but my name is so interwoven with the transactions of the Bank in London, that the most *decisive* and *immediate* steps may be necessary, and two of the Directors should be sent to London, immediately, to take such steps as the urgency of the case may call for. To *me* it is of the most vital importance, but no thought of self actuates me, and whatever is right for the Bank shall be readily gone into on my part. A friend (honest and well meaning I still think) has placed me in a situation by which my name from inability to meet the demands must be dishonoured and my greatest desire is that such steps may be taken as shall prevent the possibility of any opportunity being given to lay hold of my personal inability being coupled with the transactions of the Bank.

I shall make the most candid and accurate statement of the way in which I have most innocently, and in spite of every effort to prevent it, been brought into so sad a situation without the possibility of being benefited one farthing.

The Bank is entirely free from any pending liabilities I am under, and humbled and distressed as I feel at the necessity of this disclosure I am as innocent as if it had not happened and though I have yielded to necessity, I shall not be taxed with any thing dishonourable. I repeat that I am ready to do whatever is thought right, and I look upon myself as nothing and the good of the Bank every thing.

Nothing yet has taken place to give suspicion to any one in London that any thing is wrong, and I hope under Providence I shall be enabled to transact the Bank business so as not to attract any notice. I thank God that none of my family are immediately concerned and that the weight of this dreadful misfortune will fall on me alone. Whoever comes to London should bring full powers to act with decision and promptitude and it would be right to inform me where to meet them before they appear in the Bank's office. I am, etc.

W. G. CASSELS.

Two of the Directors came to London, and I delivered in to their hands the resignation of my situation, under the assurance of being replaced in the event of my obtaining a settlement. I was aware that I could not attempt this wi-

thout the assistance of a loan to enable me to obtain the consent of my creditors and on the matter being stated to an influential house in Lombard street, they in the most handsome manner offered to advance it. Our Directors however after wards, in accordance with the opinion of the London house, thought it would be better to have it from our bank, and informed me *by letter* that it would be given provided I would consent *unconditionally to the terms* they would propose. I went to Scotland, obtained a settlement and advised the terms of it, and was order'd to go to Manchester. On my arrival there I was told that the board had appointed a committee to make a Report and would be regulated by it. In due time I was called before the board informed that all was settled, that I was REINSTATED, and might proceed to London, immediately, and that no interruption in payment of my salary would take place Each Director rose and shook hands with me and congratulated me. I made such acknowledgements as the state of my feelings admitted of and respectfully asked to be favored with a copy of theReport. Accordingly it was given to me in the hand writing of the chairman, and is still in my possession. It is as follows.

The committee appointed to examine into the accounts of Mr. Cassels have to make the following report for the consideration of the Directors.

The debts owing by Mr. C. as per annexed statement amount to £4969..2..5.

The committee recommend the Directors allow Mr. C. to have at his disposal seventeen hundred pounds for the purpose of paying his creditors six shillings and eight pence in the pound upon the said creditors giving Mr. C. a full discharge. The debt owing by Mr. Cassels to the bank of £600 upwards, the committee recommend that the 200 shares (in the name of Mr. Johnson) belonging to Mr. C. when sold, the amount to be placed to the credit of the account of the £600 upwards and any surplus to go to the general account. Mr. Cassels to insure his life for £1500 the policy to be assigned to the Directors. The committee recommend that Mr. Cassels be reinstated in the Agency at London with the former salary but that he only be allowed to take annually the sum of £525 and that the remaining sum of £525, be appropriated first in paying the premium of the policy of insurance upon his life, and the remainder

in liquidation of his debt to the bank which when discharged, the policy to be given to Mr. Cassels.

Mr. Cassels must renew his bond for £8000 and engage for a term of six years, convenanting not upon pain of forfeiture of his situation, to give security to any individual either direct or indirect for any sum or sums of money whatever, unless the consent of the board of Directors be first obtained in writing.

The cash acct in the office in London be kept on the principle laid down by Messrs. Braidley and Agnew in their report of date to be entered 11 February 1836.

The alteration of the term of service from 1839 to 1842 was particularly dwelt upon and explained as arising from the fear that the expense of living in London might prevent my paying the debt so soon as 1839. All the items were proposed by the Directors and no alteration offered by me, One of my obligations was to renew my bond and I accordingly wrote to my friends on the subject advising them that the *Board was to hand me the terms* in which it was to be made out, and in accordance with this my former bond was delivered up to me. The only other item was, that I was to insure my life. After my arrival in London and *before any part of the money was advanced to me* I received the following communication from H. O. which was of a most pleasing description, and totally changed my position with the bank as to the extent of my debt.

Northern and Central bank of England.

*Manchester April 4th,* 1836.

My dear Sir,

At our last board the Directors came to a resolution that all officers of the bank not being public officers should immediatly sell their shares in this bank and this has been forced upon them by the circumstance of Hammonds trial (Macclesfield br.) in which Mr Wilson our manager there was a Witness, he was previously a shareholder but before he could be put in the Witness box he was obliged to sell out. It is therefore deemed indispensable that all officers, not public officers, should immediately sell out absolutely and bona fide no fictious transfer will be allowed at law, and I am requested to convey to you the wish of the Directors that you should give Mr. Lyle or any one else you prefer power to sell without delay. This I am happy to tell you will not be any great grievance, as the shares are now selling at 7 prem. and this lift will go a great way to relieve you from the

difficulties in which your kindness and friendship has so unhappily involved you.

With best respects to Mrs Cassels and your excellent family.

I am

My dear Sir

Yours very truly

JOHN THORPE.

I immediately answer'd this letter agreeing to the order of the board and I then received the following.

*Manchester April 9th.* 1836.

My dear Sir.

I have your letter of the 6th. Ultimo and am very glad you agree with our Directors as to the propriety of the sale of your shares, and Mr. Lyle and I will take care to secure you the highest market price. When sold, Mr. Johnson in whose name they are, will have to sign the notice of transfer which shall be forwarded to you at the proper time.

Yours

JOHN THORPE.

I thereafter sent the following state to the bank requesting that £450 might be paid to Mrs. Cassels of Bury, and stating that £1400 being put to my credit would even then only leave a claim of about £1100, instead of £2400 as I had by that time reduced the sum I owed from £700 to £500. I at same time transmitted a policy of Insurance on my life and requested to know what further extent of Insurance in the altered state of the account would satisfy the board. The policy is *still in their hands* and I have continued to pay the premium, but I *never received any answer to my letter*, excepting that I was at liberty to pay my composition and that my request of *payment of the £450 which had been asked to be paid as part of the produce of profit on the shares, was complied with.*

STATE SENT IN CONSEQUENCE OF THE VALUE OF THE SHARES.

*Debts*

| | | | |
|---|---|---|---|
| Union bank Dundee . . . . . | £1997 | 10 | 4 |
| National bank . . . . . | 189 | 14 | 10 |
| Bank of Scotland . . . . . | 487 | 15 | |
| I. Scarth. . . . . | 798 | 5 | 2 |
| Tho.' Paton . . . . . | 246 | 5 | 6 |

| | | |
|---|---|---|
| W. Thornton . . . . . | | 299 17 9 |
| | /4019 | 8 7 |
| Charges | 20 | 11 5 |
| | /4040 | |
| Will take at 6\|8 . . . . . | /1346 | 13 4 |
| Afterwards . . . . . | 300 | |
| | /1646 | 13 4 |
| Northern and Central Bank now reduced to . . . . . | 500 | |
| Mrs Cassels of Bury . . . . . | 450 | |
| | /2596 | 13 4 |
| Deduct profit on shares. . . . . | 1400 | |
| Would leave . . . . . | /1196 | 13 4 |

Or /500 less than put at my disposal. Sent 11 letters and policy of insurance.

Matters remained in this state during the anxious period of the Bank's affairs in summer and autumn of 1836. I never have denied the imprudence of my connexion with the unfortunate man, which led to such disastrous results to me, and I did what I considered honorable and fair to the bank. That I was comforted and encouraged to get the better of such overwhelming difficulties was not of my seeking, for I thought myself in a hopeless state and made every disclosure. I had paid him about £1600 in money and I was brought into liabilities to the extent of above £5000. The value of my shares at that time independant of my other means was amply sufficient to pay any sum I owed to the bank, for excepting authorizing and guaranteeing the discount of two or three small bills for the same unhappy man and which had been long before that explained to the bank and retired, the bank was in no way implicated in my transactions. The bank was in possession of a bond per /8000 and my friends would have been relieved from any payment by the value of my shares. The settlement therefore in February 1836 enabled me to resume my situation and the *Reinstatement* certainly confirmed all former agreements, with the addition of those new items, *proposed by the Directors themselves* and which even if they had been un-

palatable to me I was not in a situation to resist, I became the passive party in a bargain the terms of which were dictated by them and agreed to by me agreably to the letters in my possession 'that I would be brought through my difficulties if I consented to what the Directors had to propose" I remained in the situation without further notice of the state of accounts, till the fatal occurence of the loss of the parcel and the consequent results, and if you have patience to read my letters written during this period, I think you will not only be convinced of the unceasing anxiety I have shewn for the welfare of the bank, but that I fearlessly did *my* duty, and that I can in no way be implicated in a participation of those *errors* which in the end ruined the concern.

That I have conducted your affairs with ability I dare not say, but if ever a man could lay his hand on his heart, and assert that he acted conscientiously and with devoted attention to the interests of the Establishment, and without any view to forward his own emoluments, I can do so. I have never sought any change to improve my income, and I have not refused to comply with any request that appeared for the advantage of the Bank. What now is my reward! I am exiled to avoid a prison, deprived of my salary, attempted to be deprived of my character, my sons whose faithful services have never been denied forced to seek other means of subsistence and my family plunged in distress. If I have taken a wrong view of the state of my account, I have offered to leave it to the award of respectable and disinterested parties, For an oversight of my sollicitor I was taken from my bed on a writ at the instance of these Director ,carried to a lock up house and exposed to all the disgrace of imprisonment. Scarcely was I liberated when I was providentially warned that another writ was obtained against me on an affidavit of a debt, undefined in amount, and whilst the merits of the question as to debt were under the consideration of the court by steps instituted by the Directors themselves, and I was obliged to seek refuge in a foreign country to avoid being incarcerated, a step generally taken only against the worst description of debtors. Look at my letters, look at my view of the state of my account and consider that, *if I be wrong*, I am willing to send every thing to the arbitration of respectable individuals or the decision of a Court, and say if I deserve this treatment. After the deplorable agreement with the Bank of England I was still in high favor being made the medium of communication between the two Banks by a special power of Attorney and

In January 1837 I was invited to the Head Office and informed that I must make arrangements to remain there for a length of time. No hint was given of any displeasure nor any observations made at the Meetings that I attended, and the intimations made to me, went no further than to lead me to think the *locality* of my services might be changed, as I was asked if I would give up that part of my agreement by which I could insist on remaining in London. I, as I had previously done consented to act any where, and being told I might be called on at a moments notice, I arranged every thing accordingly. On my return to London I remained in daily expectation of some change. In this state of matters I received the following most unexpected notice, without any explanation, which I now insert together with the correspondence consequent upon it,

Northern and Central bank of England.

*Manchester 26th. April* 1837

Extract from the minutes of the Directors of Thursday Ap. 20 1837.
That from the verbal report of Mr. Lyle, it appears the necessary business of the London Agency, may be brought, with the assistance of two clerks only, to a close in two months, from this date, and that therefore the usual three months notice be given to the Agent, and Clerks employed at that Agency viz.

*W.* G. Cassels Esq.
Mr. Robert Cassels.
Thomas M.c Lachlan.
William, porter and the two Apprentices.

A true copy
JAMES DREW.

To this I replied as follows.

I have intimated the contents of the Minute of Directors of 20th April 1837 to the parties to *whom it applies*. I do not consider this notice to have any reference to myself.

On the 5th May I received the following.

Northern and central bank of England.

*Manchester May 1st.* 1837.

Sir,

The business of the bank not requiring your assistance the Directors hereby give you notice that at the expiration of three months from this date your services will no longer be required.

In the mean time the board will be happy to forward your views in obtaining another situation as early as an eligible, opportunity may present to you.

I am Sir

Your most obedient Servant,

JAMES DREW.

by order of board of Directors.

To which I immediately sent the following answer.

*London 5th May* 1837.

I have received a notice signed by James Drew by order of the Board of Director. that at the expiration of three months from the 1st May my services will be no longer required.

From the peculiarity of my original agreement, in January 1834 and the one enter'd into a new on 11th February 1836, I cannot hold myself bound to consider the notice now given as applying to my case.

I am grateful to the Bank for the offer of promoting my views in obtaining another situation, but an adherence to my engagement to the Bank has hitherto prevented me from listening to any other offer made to me and I do not feel myself at liberty, under existing circumstances to look out for any other situation.

I am respectfully

Your obedient servant,

W. G CASSELS.

*To the Directors of the Northern and Central Bank of England Manchester.*

On the 5th June I wrote the following letter to the board.

From the conversation I have had with the two Directors and Mr. Connell it is probable that we may not view the matter of my engagement in the same light, and as I cannot remain in a state of uncertainty, I have to propose to meet the question in various ways.

1st If I am to remain in London under the agreement, I think I can propose what may be advantageous to the bank but this presupposes that the agreement shall be understood to be binding on the bank.

2d If the bank wishes to enter into a compromise, I have no objection to do so, convenanting that if it be not gone into, every thing is to remain as at present and neither party to be put in a worse situation by the negotiation being broken off.

3d If agreeable to the board I have no objection to allow the whole matter to go to reference, the arbiters to be neu-

tral persons of respectability, in London. I write this in consequence of not having received any answer to my letter *of 5th May.*

*No answer* being received I on the 25th June wrote the following to Mr. Braidley.

*London 25th June* 1837.

My dear Sir.

You do not stand in the same light as our other directors who brought me from a comfortable situation and seem now to join the others in treating me with apathy if not with cruelty. Considering the situation in which I have been placed, the importance of the transactions that have gone through my hands and those to which I am still a party, I think I ought to have been treated with more courtesy than to have got notice to retire from the service along with the apprentices and the Common porter as my assistance is no longer necessary to the Bank. I answered this notice on 29th April and more fully to a second notice on 5th May, and I wrote particularly to the Board on 5th June, but to all these I have not received one word of reply I took an opportunity of drawing the attention of Mr. Moult Mr Armstrong and Mr. Connell to the awkward situation in which I am placed, but could get no answer I was in deed told by Mr. Connell that I could not escpect to walk about London like a Gentleman and that the bank could not afferd to pay me £1000 per annum, I am happy however to hear that it can afford to pay him that salary and hope he may long enjoy it. My intention in writing to you today is fairly to inform you what my feeling is and what I may be forced to do.

Money is to me a great object as part of my family depend on my income. Had I remained in my former situation I might have been in pleasant circumstances particularly from the changes that have taken place in the National Bank of Scotland, but money is neither so valuable or so dear to me as character, and at this moment I am degraded in the opinion of my friends and of the world and yet I feel conscious that I am entirely innocent of any thing that brought the Northern and Central Bank into its present situation. There are only two ways of clearing up my character so as to restore me to the good opinion of my friends and enable me to ask for a situation. The one is an amicable settlement with the Bank and full testimonials from all concerned that I am not guilty of any thing that brought the Bank into its present state.

The other is to publish a narrative of all matters that have occurred with extracts from the correspondence with the Board the chairman and manager. This I trust will not be necessary but even it I am forced to it, I have no accusation to bring against any one for I am convinced that all were actuated by correct motives but if becomes imperative on me to defend myself and I must avail myself of the means in my power to do so.

I know that you are incapable of doing a harsh or unjust thing but how can I say you do not agree in a minute of Directors sent

up to me which I cannot look upon as less than unjust and absurd. It may be very easy for a body of men to order minutes to be made out and communicated to their servants, but it is not easy for a servant to submit to what he considers injustice and no notice to be taken of his remonstrances for Months.

You will I am sure pardon my writing to you about this for I am getting impatient and am much annoyed at my present situation and alarmed about my future prospects. If you can get the attention of the Board called to the letters I have written and procure a reply, I shall esteem it a very great favor.

Believe me

Yours truly.

This produced the following reply :

*Manchester*, 6*th. July* 1837.

My dear Sir,

I received your letter of the 25th. Ult and have properly noted its contents. I have brought the subject of it before the Board, and you may consider this answer although coming from myself to be its reply to the remarks contained in it. It was with extreme pain I venture to say to every member of the Board of Directors (and certainly to myself), that they felt themselves obliged to come to the conclusion they did in giving you the Notice which you refer to. For several Months past the Board has usually had its Solicitor present, and whenever any important document of any kind was required, the wording of it has been generally left to him, in order that it might be done correctly. This may account to you for any apparent abruptness in the memorandum of the Directors which you refer to; but I assure you it has been farthest from the wish of the Board to offer the slightest disrespect towards yourself. So many vague and absurd charges have been brought against it, that the Directors have considered it to be merely their duty to attend to any well-grounded remonstrance; and when the subject of the London Establishment has been brought before them as a matter of needless expence, they have felt it their duty to attend to the hints they have received as much as possible : and as they had it not in their power (I speak now more particularly of the Senior Members of the Board), to offer you any other situation, they felt that they could come to no other conclusion than the one they did, when the Notice was sent to you. You are aware that there are many sufferers besides yourself, but their complaints will not mend the matter, and therefore they endeavour (I speak more especially for myself) to bear them patiently. I assure you, from the best of my knowledge of their sentiments, that if the Directors knew how they could lighten the unpleasantness of this affair to yourself, they would do so ; but seeing as they were compelled to see, that the terms of your projected engagement with them were never completed, and feeling bound to reduce the expenditure of the Bank wher ever they could, it was impossible for them, consistently with their views of justice to all parties, to pursue any other course than the one they

have adopted, and which I am authorised to say they feel they cannot do otherwise than adhere to. I am sure of this, that the Board will be happy to give you every testimonial as to the integrity and zeal with which you have uniformly and heartily served the Bank. For myself, I have always entertained for you the greatest kindness and regard, and I trust and believe I shall ever do so; and I will most heartily and gladly recommend the Board to give you such ample and satisfactory testimonials as may secure to you, so far as their recommendation can effect it, another good appointment whenever it may present itself to your view.

With the kindest feelings of respect for yourself and every Member of your amiable family, believe me, to remain, my dear Sir.

Yours very truly,

B. BRAIDLEY.

On receipt of this I immediately sent the following answer.

*London 11th June* 1837.

Benjamin Braidley Esq.

My dear Sir.

Permit me to thank you for the courtesy, and kindness with which you have informed me in your letter of 6th Inst of the intention of the board to adhere to their resolution to dismiss me from their service. — I know you too well to think you can individually approve of such conduct and if we ever meet I hope it may be with feelings of good will towards each other. As one of the board you will find that in *that capacity* we shall come into a very unpleasant collision and I have thought it fair to write a general letter to all whose names may be used that they may not plead being taken by surprise. I am perfectly willing that every letter I have written should meet the public eye, and I shall not be backward in printing more of the correspondence than I at present contemplate if any one shall think I with hold any thing. I think it right to advert only to one circumstance in your letter at present.

You say the needless expense of the London establishment has been the leading cause of my receiving notice of dismissa

I must refer to my report on this subject in March last to shew my views and I would have given more weight to this reason had I not known that it induced the board to try to save the salary of one officer to enable them to pay the same amount to a newly elected one.

There must be something therefore in adopting the course pursued, entirely different from a principle of economy, and the shareholders at large shall have an opportunity of judging from the facts to be laid before them.

I beg to return my grateful acknowledgements for your kind feelings towards my family and I remain, etc.

I also addressed a letter of this date to the Directors, etc., etc., etc., for which see the appendix.

Having received a communication from a friend that these letters had produced a strong sensation I found it necessary to explain myself more fully and I wrote the following letter to the board.

London 24th. July 1837,

Gentlemen,

From a letter I have received from Mr. Scougall I fear that I am misunderstood in what I stated regarding my intention of *printing* the correspondence that took place. It refers to two subjects and the first and most important one is the following.

I at present lie under an assertion hitherto not contradicted that I am equally blameable for all that has taken place, with others, for bringing the Bank into its present situation.

It is evident that I can neither stand well in the opinion of the shareholders of the bank, of the public, nor of my friends unless I can prove that this is not the fact. And (as I wrote to Mr. Braidley) there are only two ways of releiving me from such an imputation viz. An amicable settlement of accounts and full testimonials that whatever may be found fault with in placing the Bank in a state of danger, no part of the blame (if any) can attach to me as I was constantly in London and knew nothing of what was doing at Head-Office. If this be denied the next mode of justifying myself is to publish the correspondence that took place by which I shall shew, that I fearlessly did my duty in pointing out any occurence and any deficiency in means and any crisis likely to take place that might bring the bank into danger, that the way of averting this danger did not rest with me but with those at Head-Office and that the whole scope of my correspondence led to the hope that steps would be taken to avert evils that threatened the safety of the Bank. That the letters from head-office were of such a nature as to lull my fears and assure me all was well and that I should not allow my anxiety to occupy too much of my thoughts. etc., etc., etc. Further to explain my meaning I beg leave to state the following particulars.

At the two public meetings which I attended no attack was made on me, and tho' I was anxious to state some circumstances I was induced to keep silent from a request to that effect by some of the Directors. But after my arrival in London some distinct intimations were made to me and among the rest the following.

Mr. Stell told me that even some of the Directors had said that my evidence in the committee had done great injury to the Bank by making known the amount of advances on accounts and other financial matters. Now my correspondence will prove that all these states were sent from the H.-O. direct to the committee and that I was not made acquainted with them till they were put before me in a printed shape for the use of the Members of committee. All my friends who called on me told me they were sorry to see by the Newspapers that I was stigmatised along with the directors as having occasioned the misfortunes of the Bank and in particular they pointed out to me the proceedings of a meeting of shareholders at Manchester on 20th April were among other things I was called the "Great Leviathan from the north who with the Directors had brought the concern to the state in which it was that day.

When I wrote regarding this to Mr. Greig he candidly answered that his saying so arose from the general charge by the Directors against managers but that an opportunity would be given me of proving my innocence at a meeting to be held soon. I obtained leave from the board to attend that meeting but it was countermanded by an arrangement among the parties. Immediately after this I received notice that my services would not be required after this month. Now if I had submitted to this intimation no opportunity could occur for the term expires with this month and before a meeting is held I would cease to be an officer of the bank.

The second subject of printing refers to my appointments. The Documents would shew the proposal made unsolicited by me. to appoint me Manager. The agreement guaranteed for a term of five years, my giving up in consequence a situation of upwards of L. 500 per Annum. My agreeing at the request of the directors to accept of the situation of Agent in London, the regular appointment by the Board, and my letter accepting it for the same period of five years, the confirmation of this appointment by the General Meeting of the 27th of April, 1836, the words being in allusion to the London Agency. "The Directors deemed it necessary to make it a permanent agency to which they have appointed Mr. Cassels, late Manager at the Head Office." The letter from the Board fixing the salary at £1050 per annum and that of 11th Feb stating the term of appointment to be six years. Letters shewing that my adherence to my engagement made me at once reject offers of

superior situations, etc., etc. These reasons will, I doubt not, free me from any idea of ungentlemanly feeling in making my defence. The resolution of the Board, if persisted in, rendering it absolutely necessary to avail myself of the only means in my power to set myself right in the opinion of my friends and the public. I beg that it may be distinctly understood that I am to publish only if my just request be refused, and it will rejoice me if the reconsideration of the resolution of the Board may lead to results rendering such an alternative unnecessary. I am, etc.

The board never favored me with an answer to any of my letters, and on the 1st August Mess. Moult, Braidley, and Connell came to the office in London, and the latter demanded of me to give up every thing belonging to the bank I repeated my ideas of my situation and reverted to my letter of 5th June, offering to refer the dispute and this went so far, that John Brooks Esq^re^ of Manchester was proposed by me as sole arbiter, when Mr. Moult said would it not be better to name also Daniel Grant esq^re^, to which I readily assented. Mr Connell at this time took these gentlemen to an other room and on their return I was told the reference could not be gone into.

I am told that it is attempted to be said that I departed from my offer to leave the matter to arbitration. My letter of 5th June to the board and of 5th August to Mr Braidley (see afterwards) and all my subsequent attempts to avoid law, will sufficiently prove that I always have been willing and I repeat that *I am* willing to refer every thing. I then delivered every thing to Mr Connell on a receipt, having previously protested before witnesses, as follows

*London, 1st of August*, 1837.

Mr. Edward Connell of Manchester having this day demanded of me to deliver up to him the cash, bills, books, and other papers, property etc., belonging to the Northern and Central Bank of England, I hereby take you to witness that I consider his doing so as depriving me of the situation of Agent for the said Bank in London ; And that I declare before you that I consider myself still the Agent of the Bank and that I am able and willing to perform my duties if not interrupted in the performance of them, and that I leave the office and my letters in an unfinished state in consequence of the demand made in writing and sanctioned

by Messrs. Henry Moult an ! Benjamin Braidley, two of the Directors of the Northern and Central Bank of England,

I therefore take you to witness that I protest against these proceedings. W. G. CASSELS.

Next day, a notice was delivered to me by the banks solicitor respecting publishing letters, and about the two bills (regarding which see appendix) To put my ideas on a proper footing, I wrote the following to the board.

*London 2d August* 1837.

Gentlemen

Yesterday after noon Mess. Moult, Braidley and Connell, having forced me to give up all your property in Charlotte Row notwithstanding my strong protest, before witnesses that I claim still to act as your agent, under the agreements enter'd into, and my remonstrances that I was both able and willing to perform the duties of my office, I think it right to inform you that I do not submit to such proceedings, and that I claim my salary for the full period agreed upon. My first impulse was to retain the cash in my possession as a part of the just claim that I have on the Bank, but on second thoughts I considered it more respectful *to the shareholders* to pay it over under protest, and I shall immediately proceed to arrange for publication for *their* information, a narrative of all circumstances relating to my performance of my duties and the correspondence with the Board, the chairman of the board and official servants of the Bank. As the claim by me against the bank and by the bank against me, will now become matter of legal inquiry I abstain from further notice of it at present, and with a repetition of my protesting against the steps adopted, I presume under your instructions, I am

Your most obedient servant,

I also wrote to Mr Braidley on 5th August as follows.

London, 5th. August 1837.

Benjamin Braidley esqre

Dear Sir,

As I find that I misunderstood the nature of the conversation last night relative to the printing and publishing letters, I lose not a moment in putting the matter on its true foo-

ting. I find that the letter alluded to was neither the one addressed *generally* to all the Gentlemen connected with the Bank, on 11th July, nor the one to the board dated 24 July, but one written by me no longer ago then *the 2d instant.*

On reference to it you will at once see that I state, not that I will publish *official letters* relating to the business of the bank, but that I will arrange for *publication* for *information of the shareholders* that part of the correspondence with the board, the chairman of the board and official servants of the Bank, *relating to my performance of my duties.*

I hope this explanation will be satisfactory as I never did nor do intend to publish any letter relating to the business of the bank as regards the matters connected with what passed through in my official capacity.

As this matter regarding letters, and the situation of the two bills are the only particulars alluded to in a notice received from your solicitors, I beg also to state that I have offered in the event of the bank agreeing to refer the whole matter to arbiters, to give the bills to the arbiters the moment they are appointed, and I do this the more readily, as in the conversation with Mr Moult, Mr Connell and yourself, I proposed to leave the decision to John Brooks esqre of Manchester to which Mr Moult answered, it would be better to name also Daniel Grant esqre to which I agreed and am still willing to do so.

This was two days previous to the bill in chancery being filed.

To these letters, as usual, I never received any answer.

My subsequent attempts to avoid law proceedings and the way in which the wishes of the shareholders at the Meeting of 31st August were render'd of no use and other disappointments, need not be dwelt upon now. The matters brought into chancery by the directors were in course of investigation, when orders were received from Manchester to attach me from my solicitor having delayed giving in the answer to the bill, from a laudable hope of a compromise taking place, and I was taken to a place of confinement by the sheriffs officers on 21st October. Being liberated on bail I got notice a few days after this, that the Bank had taken out a writ against me on the following affidavit.

In the Exchequer.

Middlesex,

John Thorpe of Manchester in the county of Lancaster

gentleman Maketh oath and Saith that he is one of the registerd Public officers of certain persons united in copartnership for the purpose of carrying on business as Bankers in Manchester and elsewhere under the provisions of a certain act of Parliament made and passed for the better regulating copartnerhips of certain Banks in England under the name of the Northern and central Bank of England. And this deponent further saith that Walter Gibson Cassels of the city of London Banker is justly and truly indebted to the said persons carrying on business in. Copartnership as Bankers as aforesaid in the sum pf three Thousand pounds and upwards for money lent and advanced by the said persons carrying on business in copentnership as bankers as aforesaid the said Walter Gibson Cassels and at his request.

My only remark on this document is that I think it would puzzle even Mr Seddon, the Banks solicitor before whom it is sworn, to shew where I have *requested* the loan of L3000 *and upwards.*

On consulting my friends, and considering the determined resolution of the parties to go to every extremity, I saw no hope of an approach to conciliatory proceedings, and my only chance of escaping from a prison was to go abroad. Regarding the mode in which I have been treated by the Gentleman who has carried these steps into effect, I wish to say nothing. If he can sleep soundly, it is more than I could do, when the load of the Banks business fell so heavily on me. Had I been employed also to carry on such proceedings as have fallen to his lot I do not think I would have lived to trace these painful recollections.

It now only remains for me to make a few remarks on the state of accounts and to give my view of it, leaving to others to judge whether I am right or wrong.

As explained to the board in January 1836 I owed nearly L700. This arose from my having paid two acceptances which fell due previously to the time of the drawers melancholy death, and when I still hoped to receive the remittances which had hitherto been punctually attended to, and being aware how much my name was interwoven with the Banks affairs, and knowing that no loss could fall on the Bank or my friends they were retired, and I have the satisfaction to state that *this step was approved of.* This debt was the ground work of the Bank taking my shares, as stated, in the Report of the committee.

By the agreement the Bank also put at my disposal £1700 and when the shares were order'd to be sold at a profit of £1400. it was agreed to pay a further sum of £450. from the produce of the said profit. If it be denied that this payment was in part of the profit I ask on what other ground or pretence was it paid and placed to my debit? I gave no other authority than what I have stated. I may also mention generally that to the present time, I have never been furnished with *any state* of accounts, nor even a memorandum of the cost, interest on, and dividends on shares. Every thing relating to London and Westminster shares also remains a secret. In the following state of accounts I put every thing in round numbers. Tho' I place my salary to February 1842, it is subject to deduction of interest, and if any approach to compromise be shewn, I would not be difficult to deal with considering the present situation of the bank. But the continuous and peculiar nature of my agreements are totally left out of view by the Directors. I think I have a right to be heard by unprejudiced parties, but the language hitherto held out to me is, that I must do whatever they say and I was told by them that I should remember that they had the *purse of the bank* to fight against me. I appeal to you as shareholders, if this be just, and I feel confident that you will not think me unreasonable.

State of account in round numbers and without addition or deduction of interest and without reference to cost. dividends, or interest on shares.

W. G. Cassels in account w.' Northern and Central Bank of England.

| | | | |
|---|---|---|---|
| To sum in ledger in London, less sum placed to acc. as explained in H. O. letter of 29th September. | 2000 | By profit on shares £4100<br>salary to 1842 4725 | |
| Balance due W. G. C. | 4125 | | |
| | £6125 | | £6125 |

The London and Westminster shares and the bills of Exchange, must be considered separately and no loss on either can be sustained by the Bank.

To enable you to form a just idea of the *nature* of the agreements entered into by the Directors I have to state that they were of three kinds. First for a term of years, subject to notice of 3 months to quit. In this case a written agreement

was taken *from* the officer to that effect. 2d to engage for a term of years with right to give notice to quit at 3 months on paying a certain compensation. 3d To engage for a specified time *binding on both parties.* My three sons being engaged on the first principle were all, properly, discharged. My agreements are all founded on the 3d principle, and I did not give up a certainty in Scotland without a specific bargain which I had no doubt of being *honorably adhered to* by the board. If it be said that my agreements were broken by the interruption in January 1836, I answer that the *Reinstatement*, and uninterrupted payment of my salary, placed every thing on the former footing, with the addition of the new items proposed by *the Directors themselves*, and a board of Directors is like a corporation that always exists, What is entered into, should be honorably adhered to whatever changes take place in respect of Members. The propriety or impropriety of entering into a new agreement with me, forms no part of the argument for whether it was right or wrong should have been, and I have no doubt. was taken into consideration at the time. It was also approved of *by the General Meeting* of 28th April 1836 nearly three months after the agreement was enter'd into. The stipulation on the part of the Bank was also to assist me to pay claims not yet ascertained, as reported to the board, and attempting to break off every thing now would expose me to other difficulties. Mr Bennet, as laid before the board, has a claim for part, and being one of the parties on the bill pr £560.. odds would occasion law proceedings in Scotland. In short the attempted deviation from the agreement must produce confusion

I beg leave to state generally that if an agreement be enter'd into and payments take place, is that part which proves the debt, only to be considered binding. I say if it be good for one side, it must be good for both. The debt was incurred and the mode of reimbursement dictated by the party lending the money, to be by payment of *half* of my salary thrown over a term of *six years.*

Instead of this they make one of the public officers swear to an undefined debt of £3000 *and upwards* procure a writ against me and send sheriffs officers, who search my house and even my bed room whilst my wife was dressing. As I have already stated my providential knowledge of their intentions, saved me from being imprisoned. Mr Connell has given the most extraordinary reason for these harsh measures that I have ever heard of. He says it is because I am not

worth any thing, but if this were true why then throw away the Banks money, on a chancery suit? If the bank be enabled to prove a debt against me, will it be the richer by throwing away hundreds of pounds at law and my correspondence will shew that I have done all I can to avoid it. Let it also be remembered that tho' I was advised by many very influential men to retain as much money in my hands as would pay my salary, I refused, trusting to the shareholders to do me justice. (see my letter to the Board of 2d August) I do now appeal to you.

In confirmation of the validity of my agreements I state in addition to what I have mentioned, the following strong circumstances. If it was not consider'd binding, how could the directors report to the General Meeting, *three months after I was reinstated* that they had formed a *permanent* establishment in London, to which *they had appointed* Mr Cassels late manager at the Head Office. If they did *not* think they were bound by the agreement, they must be stigmatised as the greatest hypocrites in existence. If they *did* think they were bound, with what grace can they come forward at the expiry of 14 months, and say no agreement exists.

If they did not seriously intend that repayment of the loan was to be made out of six years service why did they not allow me to take the loan from the house that offered to lend it. If I was not a bound servant of the Bank for a term of years, is it likely that they would have given me the absolute control of £1000 in London and Westminster shares.

I have stated that nothing could shake my adherence to my agreement and I insert in the appendix letters from two gentlemen in proof of this.

In the appendix will be found part of a correspondence between Mr. Greig and me. I give him credit for his candour, and for his kindness in attending to my letters. I certainly did feel a grieved by his attack on me in my absence, but his subsequent anxiety to give me an opportunity of vindicating myself removed that feeling. Why this opportunity has been denied proceeds I suppose from the reason given by Mr. Greig, that the Directors would oppose it as. "They doubtless must be aware that *my* justification will prove *their* condemnation." I thank Mr. Greig for the expression, it is stronger than I might have ventured to use myself.

I make only one other explanation, and then leave myself in your hands. When I mention Directors, I mean always those who were Members of the board, previously to the appoint-

ment of Mr. Stell. I have not the pleasure of knowing any of the gentlemen who joined the board when a compromise took place in May 1837, excepting Mr. Greig whom I had an opportunity of meeting once in Manchester. According to the system of keeping me ignorant of what was going on at the head office, I never was informed of the names of the new Directors, nor do I know what part they have taken in the cruel proceedings against me. The only information I have is from a friend who told me, it was understood that every thing had been left regarding my case to Mr. Moult, Mr. Braidley and Mr. Connell. I do not know if this be correct or not. I have very great pleasure in adding that I never have, so far as I know, done any thing to offend any officer of the bank, even in pointing out what was necessary for the safety or interest of the establishment, and I am happy to acknowledge the kind feeling of all towards me.

I hope also, that, in the difficult situation in which I was placed, in London, and in my attempts to study the interest of the bank, I have not done any thing to lose the esteem of the very influential parties, with whom I had to transact the important concerns of our establishment. If this narrative ever reach them, some of them will see that I did not neglect to state to the board, those kind advices which I duly appreciated, and which have unfortunately been disregarded where only they could have had any effect.

I am respectfully

Your obedient servant

W. G. Cassels.

*Boulogne-sur-Mer, January* 1838.

# APPENDIX.

Letters commencing in 1834 and ending October 1836. Those written when matters approached to the ruinous application to the bank for assistance are not inserted, the object being to shew that as long as there was time to avert the catastrophe I did all in my power to impress the necessity of it on those at the Head-Office.

Where it would have been impossible to avoid giving names of parties, the letters or portions of them are not included.

10 December 1834.

John Thorpe Esq^re.

We must try to have L. 100,000 vested in Exchequer Bills to meet any emergency.

11th. December. 1834.

John Thorpe. — We must attend to the hints from Bankers and Brokers till we feel strong, for all their eyes are upon us. So far we are paying our way and keeping all parties in good humour but it will take prudence and care to provide for our London demands for some time to come.

12th. December 1834.

John Thorpe Esq^er. The idea of a permanent residence in London is a very correct one and must be of very great advantage, but it is rather too serious a subject to write about, and Mr. Fernley and I must wait till we have an opportunity of discussing it at the Board. If our weekly payments continue at or near L100.000 we must be constantly in hot water to find the means to meet them. The average of our collection of Bills is about L. 3000 pr day and then we have the daily remittances from H. O and Branches. We depend on an extra supply from Brokers of at least from L. 40 to L. 50.000 which is too much. We must get more independent to be at all comfortable. On this view I think we must either have increased means or as soon as possible diminish the number of Branches and *lessen the amount of advances* both at H. O. and Branches. In short curtail the business so as to bring it into a manageable compass.

6th. March 1835.

To the Directors. I am more and more persuaded that the situation of Joint Stock Banks and their connection and correspondence with London will daily create great interest, and it *will require all the observation and care that prudence can dictate to obtain a firm and independent footing in the Money Market. One of the most powerful means to attain this would be the possession of funds Exchequer Bills etc., which at any crisis could be converted and place us above the caprice or intrigues of the Bank or Bankers* and feeling that we possess the means of providing for our payments without any explanation or sa-

office would add to our credit and increase our facilities With the best Bills to day I might be puzzled to discount at any moderate rate but if I could say, I shall then sell Exchequer Bills, we would be beyond any necessity of saying we must have money for our own Bills. I also think that any loss on the interest of the Exchequer Bills would be less than we may suffer by any temporary exorbitant demands when a crisis occurs. By discounting more Bills than we require when rates of discount are low *we could purchase Exchequer Bills at a favorable price and when used* if an emergency occurs we could nurse the interest on the same amount of our own Bills by keeping them in the Bill case. I venture to state these views from the knowledge I now possess that our means, progress, and London operations *are watched and keenly looked* into by all the monied folks in town.

When I have assistance and can command leisure to make observations and commit them to paper, I shall have much to communicate to the board on the business of the branches and other important matters, and I hope to deserve the kindness and confidence which the board has conferred upon me.

4th. August 1835.

To Chairman.

Our payments are so very large that I am awkwardly placed today. I had agreed with ——— and C.° to have £10,000 to pay on account of the ——— Bank, when it appeared though———and C.° got £10,000 yesterday, our payments there today in drafts on them amount to £9,000, and advices to retire bills to £16,000. To meet this, and £10,000, desired to be paid for the ——— Bank we had only £15,000, and all the discountable bills on hand do not amount to more than £27,000, some of which are six months date. Yesterday I saw we were rather short, and I put Liverpool off with £6,000, instead of £10,000. Now the fact simply is, that we can get money if we have bills to offer and do not object to the rate demanded, but we are not supplied with bills sufficient for the demand. The result of this, is (what I am sure you would not forgive me if I did not state it) that at times we have not bills to give in time to meet our demands, and consequently we cannot drive a bargain such as we might do, if we had to make it in anticipation of our wants.

3.

11th. August 1835.

J. R. Lyle

Some how or other, our remittances do not at present keep pace with our demands, and the consequence is that I am obliged to use freedoms with——and Co and have no bills to offer to those parties who occasionally take a lower rate. We owe ——— and Co to day L.12,000. and if —— and C°. send for £10,000 it will be all that more. I have not more than L. 11,000 of all kinds of bills in the office, so that I must wait to morrow's remittances before I give in a batch to ——— and C°. I regret sending down the acceptance of W. and C° but your orders are peremptory. I hope that payments will come round so as to give us *the command we ought to have*. Tear this off from the ordinary letter and shew it to the Directors

22d August 1835

J. R. Lyle

Our finances in London are not in a favorable state. Of late a very large proportion of bills received here are not such as will melt, but they will come round ; can you give me any reason why we should be more pinched in London oflate than formerly.

24th August 1835.

To Directors.

It is painful to revert to the subject of *want, of supplies* for our cash operations in London. Today I gave every Bill in our possession, that I could offer, to —— and C°. and the proceeds will not cover their present advances for us. We have also to go against us what —— and C°. may require today and we have overdrawn at —— and C°. L26,000.

This state of matters leaves us not a Bill to take advantage of any low offer, nor a supply to meet *any emergency*. I cannot explain how this happens, but I took an opportunity of drawing M^r. Lyle's attention to it in a letter written on Saturday. I do not fear any remonstrance on the part of —— and C°. if they do not complain of the kind of Bills sent to them today viz. L. 37,000 which only pays what we have already drawn, but I feel that we are not on *such high ground as we ought to occupy*, and observations may be made that will annoy us. We should have more Bills in

our hands than we require for daily wants, and the fact is, that if we give — and C°. L. 10,000 today we owe nearly L. 40,000, more than we have Bills to give. I do not expect to receive more than will keep —— and C°. supplied so as to pay up advances and of course, all I can give to others must be trifling, and it is much against us, not keeping our regular accounts going with the Brokers. That a *marked change in the nature of our payments and supplies*, has taken place lately is evident, and how it happens to be so is a matter of *serious investigation*. No harm is done as yet nor has a single disagreeable observation been made, but *the sooner we try to get easy in payments the better*, and I confess I am not very comfortable when I look at any account where the balance is against us.

30th September 1835.

To the Chairman.

Our payments as compared with Bills remitted, are very heavy. At present, we have paid away every Bill in our possession, and we owe ——and C°. L. 7,000 —besides what —— and C° may require today. —— and C°. are nearly balanced and I can run up a sum with them, but we shall pay in this case 4 p. Ct. instead of 3 3/4. We owe besides, cash received from —— L. 67,000 — which we must lay our account with paying on a week's notice, or so. I was in hopes that from the receipt of —— money we would have been able to keep a stock of Bills by us, but we are entirely run out, and I still fear sending all the Bills first to the H. O. will not work well.

3d October 1835.

J R. Lyle.

When I called on —— and C°. they had sent L. 20,000 to —— and C°. and were, as always, very pleasant.

They said they were much pleased with the alacrity in making inquiry about the Bills, they commented on and added your Bank is now looked on as a National concern from the magnitude of your transactions, and your operations will be watched, and you can not be too particular. Money continues in great demand.

6th. October 1835,

Chairman.

A circumstance of the utmost importance has taken place and calls for our immediate attention.

The Bank has put its threat in execution, and this day thrown ont the Bills that are indorsed by Joint Stock Banks.

*N. B. I do not give the whole of this letter as the subject of it naturally introduces names, but it was such as ought to have induced the Directors to commence curtailment of business.*

It is here that the first effects will be felt. We had paid away every Bill in our hands this morning to —— and C°. and have only a small sum at our credit after doing so. We gave L. 2,000 to —— and C°. but I fear now we shall not get cash for them.

7th. October 1835.

To Directors.

This affair has created a strong sensation, aod I sincerely hope it will be treated every where in a manner that may prevent alarm and consequent mischief. I fear the Newspapers may get hold of it and treat it in a rash manner. I feel exceedingly gratified by the ready advice, I receive from all our friends, and the great interest they shew on the occasion, but not one of them indulges the hope of any change on the part of the Bank, so that our future proceedings *require the utmost care and deliberation*. I shall watch and report any movement, and sincerely hope every thing may end favorably.

1st. March 1836.

To Manager.

Our payments are very heavy, and I am sorry to say we have emptied our bill box today After paying bills to the brokers, we are still in debt to ——— and C°. £18,000 and have only £4,000 at our credit with the others. We paid large sums yesterday for the Branches and today £10,000, and £5000, for acceptances of the Girard Bank. We have bills accepted to pay here in a day or two, to the extent of £17,000, and we have a balance due to —— and C°. that may be called for at a moments notice per £15,000. The amount of all bills in our box is £30,000 all of which from dates, and other circumstances, we cannot count upon, as convertible. I do not know how the deficiency in remittances has occurred, but we could not make up a lot of any consequence to discount just now. I expect to have to make a payment to —— and C°. today, and —— and C°'s payments today are £10,000.

13th. April 1836.

To Manager.

I am sorry to say that money matters are taking an unfavorable turn. I have got this week already from

——————— and C°. ——————— £47,000
——————— and C°. ——————— 15,000
——————— and C°. ——————— 10,000

which is heavy for three days. and all of them have become shy about discounting, or parting with cash Mr. ——— says he does not think he can get any thing under 3 1|2 and I fear our rates will rise. The have no spare money, and I paid them £10,000, on Monday. I hope our bill case will be filled by remittances tomorrow morning.

20th. May 1836.

To Manager.

It is well to see the Branches and know the Managers personally, but I am decidedly of opinion, that a *Manager* at the *Head-Office*, should not be absent, and that a regular *Inspector* should be appointed. I am sorry to confirm *my former letters*, regarding the scarcity of money, and the small chance of any improvement and I really hope, it will not be necessary to ask me to send money from this for some time. Today ——— and C°. required £14 000
——— and C°. d°. 17,000
and payments at our office 6,000

Our Brokers are so stiff that I was obliged to leave——— and C°. without any payment. I drew £10,000, from ——— and C°. and £6000, from ——— and C°. and when I stated to the latter, I would draw 6 or L. 7000 they begged I would make it the lowest sum ——— and Co instead of giving me, asked if I would discount some Bills on ——— and offered to give 3 1/2. — The pressure is greater than I have felt it at any former period, and I fear it will increase. You are perhaps not aware of the sudden effect it has in London.

Brokers from being as easy as possible and courting you to give them Bills, all at once get shy and raise difficulties about every transaction.

21st May, 1836.

To Directors,

In ordinary times I would not have considered our payments large today, but the scarcity of money and unwilling-

ness on the part of the brokers to take bills are beyond anything I have experienced. We had demands as follows,

| | | |
|---|---|---|
| —— and Co | 16,700*l.* | |
| —— and Co | 25,400*l.* | |
| —— and Co | 13,500*l.* | |
| | | 55,600*l.* |

I have paid

| | | |
|---|---|---|
| —— and Co | 15,000*l.* | |
| —— and Co | 11,220*l.* | |
| —— and Co | 3,500*l.* | |
| | | 29,720*l.* |

This leaves —— and Co still in advance about 14,000*l.*; —— and Co short paid 1,700*l.* ; and an order from Leeds for 10,000*l.* unpaid. Mr. Agnew being here, I sent for him in the morning and took his advice about the order to pay the —— and as no time was stated, we agreed to let it lie over. We have got during the week only 37,000*l.* from —— and Co, but I must allow that they warned me a week ago that money would be scarce, and though they have repeatedly asked me to be moderate yet they have never refused to pay what I asked. I have got 16,000*l.* from —— and Co, and when I applied yesterday for cash they tried to put me off till today. Today I drew 5,000*l.*, and they sent a message that they hoped I would wait till Monday. I frankly told them I would prefer taking it today and got it —— and Co gave me 5,000*l.*, but declined taking any bills today The more I enquire the more I find every one impressed with the opinion that this pressure will continue for some time. Every one is poor.

23 May 1836

To Directors

Money matters look more and more threatening. To day the demands were rather heavy, above L14000, at this office L14000, —— and Co and —— and Co's balance L22,600 I have paid up ——— and Co and only L4500 to ——— and Co. When I drew L14000 on —— and Co they sent a message to hope I would make it less. I answered I could only do so by allowing —— and Co's account to run into advance. I paid our own sums by getting L5000 from —— and Co and L5000 from —— and Co.

Of course the L10,000 on account of ——— is not paid and I am advised that Leeds branch has given —— and Co a draft on Barnett and Co at three days date for L12000 to

send to Hamburg instead of the credit, which will be here as soon as it goes and returns from Hamburg. The —— bank have given me notice that they expect £5000 left of the Bristol money, on Wednesday, and the ——— have not a shilling to spare. In short every one is taking care of himself —— I shall be on the alert and do every thing with as much care and prudence as I can, but it is very anxious work when every one becomes so shy and we cannot contract or control our payments. Let me have what can be spared, and I shall be as careful as possible. It is generally thought that the Bank will soon charge 5 per cent. and this I have from good authority though it is by no means determined on. What may be the result of all this, I know not, but I look forward to being kept very tight by all our friends.

Brokers can give up taking Bills whenever they please and of course we must bear the brunt of it.

24th May 1836

To Directors

I am unable to state any thing more cheering regarding money matters and I confess I am now uneasy at the situation of our accounts with the Brokers. The circumstance I stated yesterday of the talk of the bank charging 5 per cent, I am told to day was really spoken of but for the present is abandoned. Mr —— said to day "We really cannot stand your daily demands on us." I replied that since Mr. —— had warned me of the probable scarcity of money, I had been as tender as possible, that I had written to the Head office what was expected to take place and had given the hint to our large Branches that money was scarce and rates high and that I expected from these steps that our demands will become moderate, that it could not be expected we could all at once give up applying to them, but I assured them I would ask as little as possible. I saw Mr. —— only for a moment but his few words were encouraging. We have the consolatory experience that though these pressures come suddenly they have always gone off sooner than we expected. Be so good as to send me a copy of the list of enquiries by the secret committee. We must make a push to shew how partial it is, to oblige Joint Stock Banks to make so many disclosures regarding their affairs and pass over entirely the private Banks. The Brokers are all very keen about exposing the system of discounting to Banks that do not issue at 3 per cent. and the whole will now be brought before the Public. In hopes

of giving you more cheering intelligence of the money market, I am etc,

28th *May*, 1836.

To Directors.

Our payments today were most unfortunately very heavy.

| | | | |
|---|---|---|---|
| —— and Co. | Balance. | £24,000 | |
| | Payments. | £20,000 | |
| | | | £44,000 |
| —— and Co. | | | £22,000 |
| Our Office. | | | £3,000 |
| | | | £69,000 |
| Orders to pay. | —— and Co. | £5,000 | |
| | —— and Co. | £2,000 | |
| And to remit to the Head Office. | | £5,000 | |
| | | | £12,000 |
| | | | £81,000 |

As soon as I opened the letters I saw that our friends would be completely tried. I first called on —— and Co, and said I would be heavy on them ; they hoped not as they were poor. I proposed 20,000*l*., but they would not agree. I told them I must either have that or 10,000*l*., in which case I would have to give some bills falling due in a few days to —— and Co. Mr. —— then proposed that I should give the bills to them, and I understood he would then give me 20,000*l*., but on sending the bills and cheque for that amount they sent to say they would on no account give me more today than 10,000*l*. I explained that by giving such due bills for about 14,000*l*. and only giving me 10,000*l* I was worse off than getting nothing and it ended in their giving me back the bills, and agreeing to give me 10,000*l*. To my surprise, —— and Co, without looking at the bills, peremptorily refused to take anything but cash. My next object was what to do with —— and Co, for I felt that I *must* give them about 15,000*l*. and still leave 30,000*l*. unpaid, and I called there and asked if instead of cash it would be agreeable to take some bills nearly due. They at once said, certainly, and I accordingly gave them about 11000*l*. in bills and some cash notes. Though I have paid nearly all —— and Co's demand and sent 5000*l*. to Head-Office, I leave —— and Co. above 30,000*l*. in advance,

and have not paid —— and Co. nor ——. We have got during the week from —— and Co. 41,000*l.*; — and Co 46,000*l.*; and —— and Co. 21,000*l.*

30th May 1836

To Manager,

The heavy payments of Saturday have left too much on our list to pay today. The demands on this office are 27,000*l.* and 2,300*l.* for the 1st and 2d of June. The payments for the 4th will be very heavy, being Saturday's and Sunday's bills. I have got notice from Nottingham that —— and Co's advices already for that day will be upwards of 19,000*l.* The demands for Wakefield today were 6,000*l.* odd, and Sheffield 9,000*l.* Fortunately our bankers' demands were only 18,000*l.* for today's payments, and leaving —— and Co's balance, 23,000*l.* overdrawn. I have paid —— and Co in full and shall, I hope, not increase —— and Co's balance. But I must leave some of the payments advised to bankers unpaid. I fear I cannot get notes sufficient to send to the Head Office and Liverpool. I really cannot get more cash and I have not a single bill left that will command it. The Bank is not to be open for loans till Thursday, and nothing will be given under 4 per cent., so we must lay our account with high rates. No one denies the general poverty. I feel very awkwardly about leaving payments over, but I assure you I cannot help it. This will not last long but the pinching is very severe for the present. I really cannot do more and I fear the way we are situated will not be sufficiently known at the Head Office to account satisfactorily for what I am obliged to do.

2d. August 1836.

To Directors.

The situation of the money market is far from pleasant at present, and in addition to the high rates there is a general feeling of something undefined likely to happen. When you ask what it is no one can give an answer but merely shake their heads and yet the effect is the same

The reports of Rothschilds death collision of the houses of parliament, payment of tea duties, exportation of bullion, state of the crops and even the prosperity of commerce, are all used as arguments for great demands of money and the very unusual circumstance of sending so much to America has also put every one on the qui vive.

All this tends to lessen the amount of bills that are available to us, and I can only get quit of a few indirect ones by giving them at times along with prime ones It is also now a bargain when. I discount 20 to 30,000*l*. that the money is to be taken out by degrees I have saved 1|4 per cent by giving almost every day 2 or 3000*l*. to —— and Co. at 4 1|4 but these are small bills not having long to run and I could not get any abatement on all I did yesterday on 19,500*l*. with —— and Co. 15,400 with —— and Co. and 15,800*l* with —— and Co. The bills drawn by —— on ——, and payable to our manager attracted particular notice and it would be much better that they were not drawn payable to Mr. E. Our demands for Saturday and yesterday approached nearly to 100,000*l*., and the uncertainty of the amount and necessity of providing for the great proportion of it after we know what is to pay, is not pleasant.

I see that drawing all our balance out before we give other bills in for discount has a bad effect, and it often happens that we are from hand to mouth in this respect.

The feverish state of people's minds under the influence of fears of something about to happen makes me anxious lest some *sudden crisis* may occur. It would be highly desirable therefore, now that the profits are so great, to have some *rest* to *fall back upon* in case of need, even at a sacrifice of interest, but I confess I am at a loss to point out how this can be effected. I would be inclined to write off nearly all the past-due bills and let the dividends and payments on them go to a fund not to be used except in a case of emergency, but I am at a loss to say how to invest it so as to receive a fair return of interest and preserve the right to draw the principal at our option. If —— Co were established perhaps we could make a bargain with them, but I am aware that we would lose 1|2 to 1 percent. on the amount so deposited. I find great relief in keeping a few bills until due so as to collect them ourselves, but in doing this I have been obliged to part with them when our payments are heavy. When the bills drawn on this office come into operation we shall require more ready cash than hitherto, and you have no idea how much parties dislike paying notes. The bills falling due must be provided for the day before, as payment is demanded soon after 9 o'clock.

I think if I find our payments easy *you should allow me to go to the Head Office* for a day, and have a special board to take the situation of the London office into consideration in all its bearings, in relation to bankers, brokers, payments, modes of remitting, etc., etc.

I could manage this by being only two days away from the office and I think it might be of essential use to us for I am not quite *satisfied* that circumstances may not occur to place us in an unpleasant situation. I hope now that Mr. G. is arrived that we shall get the account with the —— Bank put on a proper footing, for at present I am *quite in the dark* about it.

4th August, 1836.

Manager,

In addition to the large payments since Saturday last our payments today are

| | |
|---|---|
| —— and Co | 15,400*l.* |
| —— and Co | 26 600*l.* |
| Office | 3,000*l.* |

It happens that your supplies today are very small ; the expected payment from the Bank of —— does not take place ; I am disappointed of —— and Co's cash ; the —— ask their money to morrow, and the —— are poor.

Of the bills received today a very small proportion are available and paid to brokers without acceptance. The others, falling due in a few days, are excellent for payments to come but of no use today. I divided all the bills in my possession, falling due up to the 4th of December, into three parcels. —— and Co declined taking any unless I separated what they call rough from prime and my next object was to make two parcels for —— and Co and —— and Co. Of those sent to —— and Co, they picked out one half which they declined, and they discounted about 10,000*l.* I have sent 20,000*l* to —— and Co and am prepared either to have a large part sent back or a severe lecture about the quality. I got two fine bills from Leeds on —— and Co for 5,400*l.* odd, and, from an informality in the advice, they are lying unaccepted. All these put together make my position unsatisfactory ; for, being obliged to offer bills which, I am aware, are not desirable and submitting to discount what they choose to keep, is not standing on high ground and may lead to their thinking we are pinched.

I have not the least idea of our state of account with the ——— Bank but I do not feel that we have any right to ask them for any thing. I hope the account will be put on a proper footing, I fear there may be difficulties but hope Lyles plan may succeed. By his desire however I cannot take any part in the negociation and I believe his right for I am too

much inclined to give and take a little to please both sides. I wrote very fully to the Directors on the 2d and this letter will shew I am right for if I had been obliged to pay up. —— —— and Co account as I must —— and Co I do not know by what possibility I could do it.

Every body now speaks of discount rates going to 5 per cent and that the bank is seriously inclined to go to that amount. Their great fear, the exportation of bullion, is going on and the demand for money still great.

Believe me etc.

*5th August* 1836.

To Directors.

I wrote to you on 2d and to the manager yesterday. from Mr. —— having signed the daily letter I suppose Mr. Evans is not at home. Our payments continue high and our supplies very small so that I am utterly unable to make such payments to —— and Co as to keep their account moderate and unless I receive large remittances to-morrow, I fear I shall have a very serious remonstrance from them. Today we owe them 31,000*l.* and —— and Co's payments are 14,300*l.* Unfortunately we had also 11,000*l.* to pay at our office, and from circumstances being all against us we leave —— and Co too much to pay. I do everything I can, but in the present state of the market, I do not expect to do much without ample means, and even with bills of the best quality raising a large daily sum is difficult. I paid the —— the balance of their money today. I am still disappointed of the other bills, etc., etc., that I mentioned in my letter to the manager yesterday. I asked Mr. —— if he could spare a little cash today, but he said he had none.

The general impression is that money is still to be more scarce, and rates higher, and I do believe the Bank is just waiting an excuse to take 5 per cent. The —— have advertised to give 2 1|2 instead of 2 per cent for money. All I could get from —— and Co today was 8,000*l.* and 3,000*l.* from —— and Co. So unless other payments are made and the collection of bills be large, we shall owe —— and Co more than we have ever yet done. and also a balance to —— and Co.

2 oclock

What I wrote to the manager yesterday has taken place —— and Co. have after looking over the bills sent yesterday returned 10,000*l.* of them and now I know not what to do.

Unless large remittances come to morrow I shall be obliged to make explanations to the bankers and others for on looking over the bills in my possession there is nothing I can expect to get discounted. I may offer —— and Co. all I have and ask payments on part but the *amount of all* will not do much in this way I hope that my letters regarding the situation of matters here have been sufficiently explicit I do not say there is *blame* any where and I have tried to be as cautious in my expressions as possible but nothing can express the anxiety I have *felt* and *still feel* about *our position*. Saturday and Monday are generally heavy days and we never were so ill prepared to meet them. If Mr. Moult be from home open my note to him. The whole bills in our possession of all kinds do not exceed 30,000*l*. ; 20,000*l*. of them have been rejected by the brokers, and the others are what I know it will be needless to offer.

5th. August 1836.

Henry Moult Esqre.

My letters to the board have been sufficiently explicit and must have shewn how miserable I am about our situation. What can have occasioned the want of supplies under such circumstances.

I fear you have been from home and that more is trusted to our reliance on parties in London than ought to be indulged in. Our supplies have dwindled away and our payments have kept very high and the difficulty of getting money on bills greater than at any former time. We have 5 to 6000*l*. bills due this month which brokers will not look at ; we have little more than 20,000*l*. of all sorts due in September. October November and December and little more than 3000*l* , in January and February. All these put together would not pay what we owe to day and not sixpence left for payments.

I have not written too keenly about want of supplies, for I always supposed if it were possible they would be sent, but if it be *want* of funds so much the worse. If *they be withheld I do not know what to say.* I have not exaggerated any circumstance and I must *leave to you and the other Directors to consider what is to be done.* I shall do all *I can* to keep parties in good humour but how far the bankers may go I know not, and I shall feel very much discouraged if I am *forced to ask them to support us.* *Bear in mind* that it is the actual *want* of *funds* that is the truth *and all we have on*

*hand* would make a *pitiful figure* if set against *one days payments*. I await the arrival of Tomorrow's post *with the most intense anxiety*.

I am.

6th. August 1836.

To Directors.

As I write under feelings of the greatest excitement from the overwhelming responsibility of my situation, I hope that no expression will be construed into any thing either disrespectful to you, or bearing improperly on the management at the Head-Office.

The one I never can intend the other in the *absence* of *all information*, it would ill become me to think of.

But matters have assumed the most alarming aspect and I am at a loss to express what I fear. I have done, and hope I shall be enabled to do whatever is prudent and correct, aed I shall run the risk of everything, rather than ask assistance, or give reason to any one to think our position in London is a dangerous one. If it does come to applying to Mr. —— and to our bankers for assistance and advice, I shall, I hope, conduct myself so as to merit the approbation of all parties. I know the dreadful effect of one false step in such a concern as our's. and hope I shall be enabled to do for the best. My *frequent letters* of late have pointed out the great increase of our payments and that our supplies bore no adequate proportion, and unfortunately every day has proved me correct.

The turning good bills into cash, to raise a large *daily* supply, was difficult enough, but I am left without a supply of bills, all in my possession having been in vain offered to the brokers. My letter of yesterday pointed out the destitute state I was in for payments today and Monday, and I have now to add, that I have drawn every sixpence I can ask from the brokers and have nothing that I can look to on Monday. Today our immediate wants are

| | |
|---|---|
| —— and Co | 46,600*l.* |
| —— and Co | 15,800*l.* |
| Office | 9,000*l.* |
| | 71,400*l.* |
| To meet these I have drawn | 30,400*l.* |
| Still unprovided for | 41,000*l.* |

so that leaving a large balance for —— and Co I am still obliged to let some of the payments for ——— lie over, and a large balance of —— and Co's account.

Now, I have not 1,000*l.* among the whole brokers, and the large cash balance as on other side against us. I have called my *utmost exertion* to aid me in what I have to do, and though it may appear afterwards that better might have been done yet from the short time I had for consideration and the circumstances against me, I am satisfied with what I have done. If any one had told me yesterday that I could have got so much today I would not have believed it, as the whole supplies I received today from Head Office and branches only amount, in bills and cash, to 18,800*l.*, a very small amount to meet such demands as those stated. In such a situation you will allow that I cannot be very comfortable, and I am in that state, that all my anxiety is my own for I dare not speak to *any one* on the subject. I cannot bring myself to believe that the Bank *has not* the means of relief, and yet if *it has*, why are we kept in this state in London ? If I be wrong in making such remarks you must pardon me for I would do anything to see the Bank's affairs in a proper position. Nothing annoys me more than our situation with the —— Bank, regarding which I have written to Mr. Evans.

9th August, 1836.

Manager,

If I wrote under a feeling of excitement, I am happy to think that no word escaped me that I regret using, and if you I have taken anything to yourself which was not meant, I cannot help it, and I feel that I do not deserve being told that I have done anything *unfair*. I was instructed, when I left the Head Office, and solemnly told by the Chairman at the Board that whenever anything on the part of directors, officers, or others, appeared wrong, I was expected and enjoined to point it out. If the London Agent be left in a situation where he has not the means of paying daily advices, letters of credit, payments to bankers, etc., etc , is it right that he should take no notice of it, and allow those at the Head Office to think all is right when another day's operations may place the Bank in a situation from which it never could recover.

I spent the time from Saturday till I opened the letters on Monday in no enviable state, and if I had, by keeping silent,

not got the supply, who would have been blamed? Besides what I did say was exactly correct in relation to the management at the Head Office. That if anything I wrote, appeared to bear *improperly* on the management, it would ill become me to think of such a thing in the *absence* of all *information*.

I know that the Directors will not take any offense at what I wrote for the point is in a very narrow compass. If there be funds in the possession of the bank to pay demands in London, is it right that the existence of the bank should be risked by withholding them. Now it so happened that the demands were beyond all the means in my possession, and that we owed 40,000*l*. more than I could raise with the prospect of another heavy days payments coming on. I know the Directors will say I was right to point out such a dangerous situation, and if it arose from blame on the part of any one (which I have never asserted) it was my duty to state it, whether it was on the part of Directors officers, or others and no one can take it individually amiss. I do think it wrong that the Directors *send* the manager so much from the Head-Office and this I have pointed out before, and I also think it wrong that when I point out the difficulty of getting money and the want of supplies to enable me to procure money that I get no other answer than that my letters are attended to while at same time the remittances bear no adequate proportion to the payments. When we had 70,000*l*. to pay, and our previous means exhausted, I received in bills and cash from Head-Office and branches only 18 000*l*. With the greatest exertion I raised 30,000*l*. on Saturday and left 40,000 unpaid. Besides you must recollect that at present it is not *every* bill that will do to turn into cash, and instead of giving you a state of bills on hand, I believe it will be better to return those that are lying useless. At a distance one is apt to think that if a stock of bills be on hand amounting to 30,000*l*. or 40,000*l*. I cannot be at a loss for 20,000*l*. and yet I may not be able to raise 100*l*. out of the whole. In short it is not like former times when any bills would go down, and I am every minute in dread of a refusal from the brokers both about taking bills and paying cash.

One situation any thing but pleasant and no wonder that I express my anxiety. You must banish from your mind all idea of my throwing blame on *you*. It has always been my maxim, that we should all work together for the general good, and banish all thought of self, and I trust I shall always act on that feeling

9th. August 1836.

To Directors.

I am very sorry to find from a letter I have received from Mr. E. that he has unnecessarily taken to himself what I wrote in the most general way possible, and thinks I have treated him unfairly. I have answered the letter and he will shew it to you. I would not advert to this were it not that you know me better than he does, and can assure him, that I am not of a disposition to throw blame on any one and particularly in a case where I knew of no ground for fault being found. Any observations I make are quite general, and I think if I were not to point out anything that I see has a tendency to bring us into danger, you would have just cause to throw all the blame on me if any untoward event did take place.

I hope there will be no more idea of taking individually amiss any observation that is made, and so far from not repeating what I have written, if I see anything tending in any way to *hurt* or *endanger* the character of the *Bank*, I shall most assuredly point it out, from whatsoever cause it may proceed or on whomsoever the responsibility may fall. Our payments today in the office are between 5,000*l*. and 6 000*l*.; —— and Co, with over drawing 26.000*l*.; —— and Co, 7,600*l*.; so that even on Tuesday when we expect to be easy, the sums are not very light Brokers are getting more and more shy about the kind of bills they will take and I assure you I have few left that can command cash unless given along with prime ones. On the whole you will see that I am not reposing on a bed of roses, though I shall not shrink from doing my duty. The general conversation is that money will be scarce and dear, and some of the leading men are speaking of the increase of the circulation of private and joint stock banks.

13th August, 1836.

To Directors,

I felt quite pleased at the prime bills kept and received today being in our possession, but on calling on the brokers, I found them all disinclined to do any business. I felt it would be wrong to urge —— and Co, but told them I must do something If 5 per cent. were the general charge, everything would flow in its usual channel, but the fear of a higher charge frightens every one from entering into large transactions. I think in the common course of things a

4.

reaction must take place, but in the mean time the Bank is determined to shew their power and try the strength of the mercantile world. There is really more difficulty in getting 5,000*l.* than there used to be in drawing 50,000*l.* I do not look forward to very high payments.

25th August 1836.

To Manager.

I look forward to our discount operations, with much anxiety for though the brokers are well disposed they must study their own interest and comfort, and we shall not be able to place our bills to the necessary amount. Of the bills we receive from the branches, a great proportion are not convertible. Our position therefore requires *care* and *foresight*, for every effort will be made to cramp and annoy us. So close do the brokers now go in money matters, that every time I have an operation with any of them I have to fix what I may draw, and we are cramped more than we used to be.

27th August, 1836.

Manager,

I have your's of the 25th and thank you for the Report, which I am happy to see is so favourable, and I am delighted to see that *the bad debts have been written off*. The Bank have really determined to set their face against bills drawn for American account, however respectable the acceptors. Today another bill of —— and Co. was taken to a broker and 5 per cent and commission offered to discount it. It was for goods shipped here for America and drawn on a credit lodged on —— and Co. Messrs. —— and Co say we must continue to sail with double-reefed topsails for odd times are at hand. My prudence gives weight to this suggestion.

31st August, 1836.

To Directors,

I have had a serious explanation with the brokers regarding bills on American account, and I am happy to say they will continue to take them. At the same time we must be very *careful* and *prudent*.

I have been told today that *you* are raising money by sending bills to Ireland, and that the bills have come back

to London and created some noise. I do not know what this alludes to. It is astonishing how nearly all our transactions are watched and commented on. I am told we may confidently expect the Bank to raise the rate of discount to 5 per cent. tomorrow.

1st September, 1836.

To Directors,

The Bank *has given* the notice today of having raised the rate of discount to 5 per cent., so that I fear we cannot expect to pay less. Though unfavourable to us I am happy to think my information of all these changes has hitherto been correct.

6th September, 1836.

To Directors.

Our payments on Saturday and yesterday were, as I wrote, so heavy that I had to use every endeavour to get as much money from the brokers as possible, and though I got more than I could expect, I was obliged to leave a considerable balance on —— and Co's. account and about 4000*l*. on —— and Co's. This last was lessened by a payment from the N—— Bank but still their letter this morning

| | |
|---|---|
| leaves a balance of | 2,500*l*. |
| and to pay today | 7,600*l*. |
| —— and Co's balance out | 21 000*l* |
| to pay today | 10 000*l*. |

The —— Bank demanded 10 or 11,000*l*. today, and I was obliged to tell them I could not give it. Our situation with the brokers is very unfavourable for us. I received from —— and Co the proceeds of bills taken by them, and we have none to offer them. I gave —— and Co about 1,700*l*. of unaccepted bills yesterday so I could not expect them to pay any cash till in possession of the bills. —— and Co, on taking the last parcel of bills, stated they expected I would only take from 3 to 5,000*l*. per day and I found it very difficult to get more. —— and Co owed us yesterday about 4,000*l*. of balance but at my request gave me 10,000*l*. on a promise of bills today. I have given them to the extent of 60,000*l*. but by far the largest proportion will not be kept, and to my request today for 10,000*l*. I was told they were poor and could not give an answer for an hour.

2 o'clock.

—— and Co have returned £0,000*l.* and taken 20,000*l.* of the parcel. I tried all I could to get 10,000*l.* but after a long discussion got only 7 000*l.* I thus leave —— and Co 3,000*l.* short; pay no more than £4,000*l.* to —— and Co; and nothing to —— and Co. In this situation I have received the enclosed note from ——, which gives me a very unpleasant prospect for tomorrow.

I am very sorry to state these matters, but we really have *no means* of *averting* an unpleasant situation with the respective parties and I have run the sum in our hands very low, so I hope no extra demand will come. I fear we shall be very deficient in payments to our bankers.

20th September 1836.

To Directors.

I had occasion to call today at —— and Mr. —— took the opportunity of giving me a lecture.

He began by saying he had good authority to state that our bank will be selected from the business done, as the one that all the fire of the opponents of joint stock banks will be directed against. That the amount of business, generally, the *large* sums *lent* on current accounts and rediscounting will be dwelt on; that our situation as compared with the evidence of Mr. Stuckey and Mr. Martin will form prominent subject for animadversion, and that we are in the mouths of every one. That if any establishment be in danger, it is thought we are the *first* that would go. That we ought to be exceedingly cautious by restricting our business, and putting ourselves in a situation to defend all *attacks*. From all this it is evident that we are singled out by our enemies and we cannot hope to have fair play, so that our position is one that however conscious we may be of doing nothing rash or imprudent, we *must* get matters in to a train to make us as *independent* as possible. There are two points that will be strongly brought against us, the large *advances* on accounts and great amount of rediscounts. The first I confess *we cannot defend* as we cannot say we have any thing tangible to shew for them in *case* of *need*. The other may be defended by the constant practice of banks in Lancashire, etc., etc. It is very hard to be selected as a mark for all our enemies to point at, but the matter now is what are we to do, to *fortify* ourselves to meet the *coming storm*? The situation of our accounts in

London is not pleasant, and we cannot silence the —— by such payments as will put our account beyond remark. Our balance to —— and Co. is always heavy, and our daily payments are such as to require the discount of every convertible bill, as *soon* as it *arrives*. We have not a bill remaining that we can depend on for any further discount and the rates we are paying are beyond what we receive, so that in every way inducements are held out to reduce our business, if possible. I sincerely hope that all our friends will exert themselves to give us as many good bills as possible, against *open* balances. That is the *first* thing that will *strengthen* us. The next is to take no long dated bills from customers, and to avoid as much as possible discounting paper that must be useless, till at maturity. The return of the committee of balances on open accounts will be brought before the house of Commons and we shall be attacked on every vulnerable point. The *war* against us is only *begun*

21st September 1836.

To Directors.

I am extremely sorry to confirm what I wrote yesterday. Mr. —— of —— and Co. said to me today "I hope you will take it kindly if I inform you what is going the round of the money market, regarding your bank." I told him I would be obliged to him as those most interested were generally the last to hear what was said. He then said our return to the committee was universally spoken of and that we had lent on open accounts 300,000*l*. beyond our capital.

I told him I was ignorant when examined of the particulars of the *return* but as the committee have thought it right to publish these particulars, though I consider it unfair, we must expect to have observations made on them by the public. He replied you should now try to *reduce* that *amount*, as part of the report is a hit at you, and a hope held out that by the time parliament meets, banks will have adopted *prudent* steps in the management of their affairs. I said I was sure every thing *would* be done at *our* Head-Office, that is *prudent* and *reasonable*.

22d September 1836.

To Directors.

The fever increases and you have no idea how the nerves of all our friends are affected. Messrs. —— and Co. sent for me today, and we had a very serious conversation. They

are evidently under the influence of great anxiety and do not think that matters are to improve for some time. They asked me if I had kept the Directors acquainted with the state of the money market in London. I said, yes. They dwelt on the necessity of restricting our operations and bearing as light on London as possible for some time; and shewed evidently that their name being on a large amount of paper going the round of the money market is not pleasant to them To shew that I do not represent things too strongly, I asked Mr.——to send me his ideas in writing, and I now inclose his letter. To add to my annoyance I have had a call from Mr. —— to say he hopes I may give him cash tomorrow. Friday is often a heavy day for balances of exchanges, and our stock of good bills is exhausted, and our balances low at our brokers so that we shall, I fear be pinched tomorrow. I shall continue to do all that is possible. but it requires much firmness and presence of mind to meet the gloomy faces I encounter every where.

*1st October* 1836

Chairman

This being Saturday I expected our payments would be high. I am sorry to say they rather exceed my anticipations They are, balance to ———Bank 55,619*l* payments 4500

———and Co 29000*l* . . . 20000

———and Co . . . 12700

Office . . . 6000

From what you knew of our situation yesterday you can judge of the anxiety I have been subjected to from looking into the above. The demands are increasing so far beyond our available means that I know not what I am to say to our friends The letter from ——— and Co was accompanied by a request to know what I would pay. I immediately sent a note to say I regretted that the payments were so heavy as the brokers had asked me to be as light as possible on them till next week. That I would probably have to trespass on their indulgence.

You know I had borrowed 5000*l* from ———and Co on the promise of giving them good bills to day.

I received 5500*l* prime ones from Liverpool for acceptance and return. I was forced to give them to ———and Co by which I got another loan of 5000*l*.——— and Co on my trying to get 10 000 peremptorily said they would not give

it, except on prime bills. I offered them to amount of nearly 50,000 but they after all only took 5000*l* and gave me that sum. I am much disappointed in — — and Co and to day Mr. ——— was more than usually serious and all the parties went out and consulted together before I got the 5000*l*.

I am,

6th October 1836.

To Directors.

I am sorry to say the dislike to indirect bills and keenness for prime one increases. I continue every exertion *but I am very anxious.*

8th October 1836.

To Directors.

Nothing has been left undone to effect all in my power and you may judge of the intense anxiety and disappointment I feel at giving such a winding up of this week's work. I have done more than I could reasonably have expected, yet the balance against us is so large that I look forward to Monday with more uneasiness than I can *express.*

I fear to state my dread of being obliged to solicit assistance in some quarter, for if the balances run up how long will —— and the —— meet the payments with patience, and if we run in debt to any extent to —— and Co, what can we say or do. We would need 140,000*l*. to bring us square with our bankers besides meeting coming payments.

Though I write thus strongly and openly, do not think that I have shewn the least uneasiness unless it be stating to —— my regret at not having it in my power to attend to his demands. In hopes of something good on Monday, I remain, etc.

*11th October* 1836.

To Directors

I have Mr. Lyles letter of the 10th and am perfectly aware of the great exertions you are making and I wish I could give you any news that would be comfortable.

Every thing now looks more and more gloomy. The conduct of bankers and brokers now shews that nothing but *self preservation* is thought of and in a short time business will not flow in its usual channel.

Yesterday and to day the manner of the brokers is quite

changed and when I send in bills I am put off and desired to call again and again, Taking every thing into view I am *seriously alarmed*. This is the first day I have had prime bills sent back, and the first time I have been left without payments, when we had a balance and when I had just sent unexceptionable bills. I cannot describe to you the altered appearance of every one, and the gloom that prevails and if unfortunately we have a heavy day, I am in dread of what may be said or resorted to by our bankers. The most difficult part of my situation is, that I dare not say a word to, or take advice of any one, for if I were to shew the least anxiety there is no saying what use may be made of it. Our balance with the ——— last night was 97 000*l*, payments to day 3930*l*. and I have paid nothing. Our balance with—— —— and Co 33 800*l*, payments 9000*l*, and I have only paid 4000*l*. I could not press —— and Co to give up any bills as it would create suspicion and none they would give up are better than those we have. It grieves me to give you such gloomy accounts but it is *my duty* to give the true account of what is going on.

13th October 1836.

To Directors.

I am much pleased with the appearance of our payments and the *recent* remittances, and *look forward* to continued exertions to place us beyond any *unpleasant feeling*. In hopes of receiving continued supplies, and that our demands may be moderate, I remain, etc.

15 *October* 1836

To Directors

Our payments h high, taking those of yesterday and to lay together, yet I have made most comfortable payments and our close of this week is *pleasant* as compared with the *last*.

These six days have been anxious ones to me, and thanks to your exertions, and remittances from the branches, every thing wears a more cheering aspect. I pay particular attention to the copy of the circular and much approve of it. I suppose your instructions respecting the *curtailing* of *uncovered loans* on current accounts, were previously so *particularly* given, that it was *unnecessary* to allude to them in the circular.

21*st October* 1836

To Directors.

I think you will be surprised as well as myself at the payments continuing so large.

I was much pleased *lately* with the remittances from the branches, and have no doubt you will encourage them as far as practicable and safe.

22*d October* 1836

To Directors.

| | | | |
|---|---|---|---|
| ———and Co | balance 15 600 | payments | 24 000 |
| ———and Co | | | 11 100 |
| ——— | balance 112 000 | | 15 200 |
| Office | | | 7 000 |

The reading of the above amount of payments to day, with the exhausted state of our funds yesterday and the comparatively small remittances received to day, will enable you to judge of the *painful state in which I am placed.* I gave every bill in my possession of a fair quality, to ——— and Co and offered a large amount of indirect paper, and I was desired to call again. The amount they would give was only 7000*l.* I stated that our demands from all our bankers were high and hoped they would give me 15 000*l* Mr.——— asked Mr.——— what was to be done when Mr ——— told me in the most serious way " We have looked over your bills and cannot go further than we have stated I said that I was sorry our demands were high and if I did not get more I would be obliged to apologize, which would be unpleasant. Mr.———then said, " we cannot help it, we cannot go the pace" We have no balance with ——— and Co and no bills to give. and we owe ——— and Co a balance, so that I could ask nothing To meet the payments as above to day I received in all, bills 10 868*l* cash 7645*l*. Part of bills are not available so that the remittances are not much above 16 000*l* to meet 57 000*l*. I am totally at a loss to think what *can* have made the payments so heavy the last three days. With all the endeavours to keep them down, it is *alarming* to think we have to provide nearly 120 000*l* in three days. I hope my resolution may support me to meet such demands but all I can do will be trifling and the balances will be heavy again *instead* of being *reduced*, which after all the exertions made is very distressing I got a further loan to day from ——— and Co of 500*l* for which I have promised the first good bills that come. I have paid as follows——— and Co 11 700*l*

5.

| | |
|---|---|
| ——— and Co | 7 000 |
| ——— bank | 1 700 |
| office | 5 000 |

It is needless to say how much I feel at the small proportion I am enabled to pay, but meeting payments averaging £0 000*l* for three days was totally hopeless and my disappointment at sending such an account to you is *beyond expression*.

What we may be called on to pay on Monday and how I may be situated with all our friends will keep me under feelings of deep anxiety,

I am

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SYNOPSIS OF LETTERS FROM W. G. CASSELS TO H. O.

| | | |
|---|---|---|
| 1834 | | |
| Dec. | 10 | That we should have 100, 000*l*. vested in Exchequer Bills |
| | 11 | To attend to hints from bankers, etc., That providing for our London demands will require prudence, and care. |
| | 12 | Opinion about an Agency in London and serious nature of it. Weekly payments. Necessity of independence. Must have increased means, or diminish the number of Branches and lessen amount of advances at H. O. and branches and curtail business. |
| 1835 | | |
| March | 6 | Investment in government funds. Difficulty of discounts at times. Every one watching our operations. |
| Aug. | 4 | Payments large. Bills on hand not equal to demands on us. Discounts may be got if we have bills to offer. |
| | 11 | Remittances do not keep pace with our demands |
| | 22 | Finances in London not in a favorable state. Ask the cause if our being pinched. |
| | 24 | Marked change in our supplies. Appeal to the Directors regarding our position. |

| | | |
|---|---|---|
| Sept. | 30 | Strong representation of heavy payments and short remittances of bills. |
| Oct. | 3 | Of the way we are looked on, in London and necessity of being particular in our operations. |
| | 6 | Bank of England refuse bills indorsed by joint stock banks, and consequences to be expected. All our bills paid away, and fears of not getting cash. |
| | 7 | Observations on above circumstances, and that our proceedings require the utmost care and |
| 1836 | | deliberation. |
| March | 1 | Heavy payments, and short supplies. |
| April. | 13 | Money scarce. Heavy payments. Hope for supplies. |
| May. | 20 | Opinion as to manager going from home. That a regular inspector of branches should be appointed. Scarcity of money. Pressure great. Sudden effects in London. |
| | 21 | Pressure expected to continue. Every one poor |
| | 23 | Money matters more threatening. Every one taking care of himself. My anxieties. Expectation of the bank charging 5 per cent. |
| | 24 | Nothing more cheering My fears. Remonstrance of brokers as to extent of our demands |
| | 28 | Heavy payments; consequent transactions. |
| | 30 | Heavy payments; bills run out. |
| Aug. | 2 | Situation of money market; reasons alledged for scarcity; difficulty of discounting; fear of sudden crisis: necessity of a rest to fall back upon; advice to write off all past due bills; ask permission to go to H O. to consult; not satisfy of the safety of our situation. |
| | 4 | Payments; supplies small; difficulty of discounts. My position unsatisfactory; kept ignorant of state of our accounts, rate of discount expected to go to 5 per cent. |
| | 5 | Payments high; supplies small; inability to make requisite payments; difficulty with bills of best kind; money expected to be scarce; difficulties; expectation of making explanations, etc., etc. Hope my letters are explicit. Anxiety about our situation. |
| | 5 | Most particular letters to chairman, Directors |
| | 6 | and Manager. — They admit of no synopsis |
| | 9 | and must be read to give any idea of the situa- |
| | 9 | tion of the banks affairs in London. |

| | | |
|---|---|---|
| | 13 | Difficulty of procuring money; supposed intentions of bank of England. |
| | 25 | Discount operations; necessity of care and foresight. |
| | 27 | Answer to letter handing report of general meeting; my delight at the bad debts being written off; banks determination to refuse American bills; advice from —— and Co; my view of it. |
| | 31 | About bills in Ireland; necessity of care and prudence. |
| Sept. | 1 | Rate of discount raised to 5 per cent by the bank; my information of changes in money market has proved correct. |
| | 6 | Repetition of heavy payments; unfavorable position with brokers; no means of averting an unpleasant situation. |
| | 20 | Statement of conversation with a very influential gentleman; necessity of getting matters into a train to make us independent large advances; rediscounts; my opinion that such advances cannot be defended; necessity of preparation to meet the coming storm; inducements to reduce our business; first thing to strenghthen us is reducing balances and avoiding long dated bills, and such as are not convertible; war against us only begun. |
| | 21 | Confirmation of yesterday letter; my ignorance when examined of the return from our bank to committee of House of Commons: hope of every thing being done at H. O. that is prudent and reasonable. |
| | 22 | Increased difficulties; regarding my information to the Directors of the state of the money market; bills exhausted. |
| Oct. | 1 | Heavy payments; demands beyond our means; difficulties; shyness of brokers. |
| | 6 | My increasing anxieties. |
| | 8 | My uneasiness and fear of what may take place; of dread of soliciting assistance; that 140,000*l* would only square our bankers, accounts without meeting payments. |
| | 11 | Every thing more and more gloomy; seriously alarmed; grief at being obliged to send such reports of our situation; that it is my duty. |

13 Payments looking more favourable ; hope of continued exertions to place us out of danger.
15 Continued anxieties ; about uncovered loans.
21 Payments again very high.
22 Payments heavy and remittances small ; painful state I am placed in by the alarming amount of demands.

Particulars of my disapointment by being prevented from having the matters at issue between the directors and me, laid before a committee, as agreed to at the Meeting of 31 August 1837.

A short correspondance with Mr Greig, ended in my being allowed, to attend a meeting of shareholders on 25th May, but Mr Greig in a letter of 17th May, informed me that in consequence of an arrangement, the meeting was not to take place and added " When the *half yearly meeting* of shareholders is held, you will have an opportunity of giving what explanation you may think requisite "— I had previously, obtained permission to go to Manchester, in consequence of the following application.

To the Directors of the Northern and central Bank of England Manchester.

London 4th. May 1837.

Gentlemen.

In consequence of what passed at the meeting of Shareholders of the Bank on 20th. ulto, I have been assailed at all hands by my friends and forced to apply to Mr. Greig for an explanation of his charges against me. He has answered me by saying among other things that some of the Directors admit that the Managers have grossly deceived them and that the Managers generally are looked upon by the Shareholders as having acted in a most improper manner and that if this does not apply to me. I must appear at the meeting called for the 25th.

I am called upon to explain my evidence and vindicate myself from any blame I am at present considered to be under in bringing the Bank into such unlooked for difficulties, to explain what I did with 1000 Shares of the Bank and other matters. I have answered that I have applied to the Board to give me permission to go to Manchester a day or two before the meeting and I hope there will be no objection to my Doing so — for however I may despise such attacks I find that every one expects me to step forward and meet them at once— I have done this by advice of Mr. Wood and other friends and hope I shall meet with your approbation. Unless prevented I propose to leave this about the 21st. or 22d.

I am respectfully etc. W. G. C.

Letter of 4th, May 1837.

The Half yearly meeting alluded to took place on 31st.

August, and to prevent any doubt of my being willing to give every explanation, I sent the following letter by a friend to the chairman,

Manchester 31 August 1837.

Sir.

From the peculiar nature of the circumstance that have taken place between the Directors of the Northern and Central Bank, and myself, I respectfully request, that you may state to the Meeting, that I am in attendance and shall if called upon give any information, and answer any questions that the shareholders may require of me. I am etc.

The Meeting appointed a committee for the purpose, but the following letters will explain how I was prevented from availing my self of the wish of the shareholders.

Manchester 2d. September 1837.

T. Greig. Esq.

Sir.

I thank you for your kindness in bringing the matter between the Directors, and myself under the notice of the Meeting. After applying at the Bank for a copy of the Minute, I was referred to Mr. Seddon who informed me, he had nothing but a Memorandum of a committee being named, but no specific powers were given to it, and that if I communicated any thing included in the injunction, it would subject me to the same risk as imparting any part of the letters adressed to me from the H. O. to any other parties.

I therefore find it impossible to avail myself of the appointment of the committee, till I consult my solicitor how for I can go. Will you be kind enough to state this to any of the Gentlemen named, as the reason why I have made up my mind not to call them together whilst I am prevented from laying the necessary information before them.

M. Seddon is decidedly of opinion that the only way I can give the correspondence on both sides, is in my answer to the Bill filed in the court. This would of course prevent any attempt to leave the question to arbitration. I am etc.

Copy of Address inserted in the Economist Newspaper of 15th, Septembre 1837.

To the shareholders of the Northern and Central Bank of England.

Mr. Greig's kind intention in moving for the appointment of a committee to enquire into the nature of the unfortunate differences between the Directors and myself, and your ready and unanimous approval of the motion, have proved matter of additional disappointment to me. On applying at the Bank for a copy of the Minute, I was referred to their Solicitor, who informed me that he had only a memorandum of a committee being named but no notice of any powers being conferred upon it, and that the same restriction from communicating any part of the correspondence was binding on me if made to the committee as to any other party. I am thus placed in the anomalous situation, of having a committee appointed to receive information from me and being subjected to severe punishment by the court of chancery, if I lay the information and documents in my possession before the committee I am therefore most unwillingly under the necessity of postponing, till legally permitted giving proofs of my appointments, and of the faithful discharge of my duties and of laying before you a correspondence which will in a great measure explain more clearly than has hither to been developed, the *true cause* of the misfortunes of the Bank. I Consider these documents as *your* property and that you have a right to demand and obtain every information that may explain how the Duties of Directors Managers, and other officers of the Bank have been fulfilled. *I am*, and always have been ready to lay every part of my conduct and correspondence before you. If the Directors by applying for an injunction have any desire for concealment, it is against my wish, and I shall only add that neither any Customer of the Bank, nor any proprietor can be hurt by what I have to communicate. I am respectfully

Your obedient servant,
W. G. CASSELS.

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## REGARDING THE TWO BILLS.

The bill on for 1360*l*. 12s. 6d. was discounted at the Head Office, Manchester, on the 24th September 1834, and remitted to London on the Northern and Central Bank's

account on the 27th September. Poole to Bennett for 565*l.* 15*s.* was discounted on the 21st October 1834, and remitted to London on the 8th November 1834.

Both were passed through the books in the usual way, laid on the Directors' table, as others on the same parties, which had been previously discounted to a considerable amount, had also been, and remitted, as all bills were at the time, to the brokers.

In January and February these two bills, with two others for 3,000*l.*, were not duly honoured, and a correspondence took place between the Bank and me regarding them in March 1835, when all particulars were stated. No farther notice was taken of them till I went to Manchester in April 1835 and when I was about to return to London early in May, I had a conversation about them with the Chairman. I gave a decided opinion as to the ultimate payment and to shew my confidence I offered my letter binding myself to pay them. This was done but I did not keep a copy of it.

I was allowed in consequence the sole control over them, and to take my own way of recovery. In a short time I obtained full payment of 3,000*l*, and paid it with interest and expenses to the Bank.

My letter of guarantee, I think, stated that the amount would be paid in six months, but the peculiar situation of ——'s estate induced me, after a consultation with Prescott, Grote and Co, to go into an arrangement by which the payment is protracted.

No notice was taken till July 1837, though the time stated, I think, expired early in November 1835. Though my guarantee was granted without *consideration* I make no objection to my liability, and to shew my willingness, I allude to my letter of the 5th of August to Mr. Braidley, on the demand not to part with the bills being made. I had no wish to retain them except the fear of annoyance from my guarantee being retained and, considering the determination not to settle with me amicably. I also intimated to Mr. Connell, through a friend, on the 17th October 1837, my being willing to give up the bills and though I asked my friend to offer this *verbally*, he with a view of shewing my being sincere *shewed Mr. Connell my letter.* Every offer on my part has been in vain, I made the offer of the 17th October at the earnest solicitation of some of my friends, and *they* know what I have gained by it. The harsh steps against me immediately took place.

I intended to have given the pleading before the Lord

Chancellor on the motion for dissolving the injunction as to printing the letters from the Head Office, but it would swell this appendix too much.

I do not object to the general principle laid down by his Lordship, as he did not think sufficient grounds had been stated. He said if *the Directors* had made any complaint against me, it would justify my making use of *their letters* but shareholders doing so did not call for it. I confess I thought when those shareholders have become *Directors*, and must be considered as, at all events, consenting to the steps taken against me, that the distinction is a very nice one. I however submit and only give what his Lordship says I am permitted to make use of.

Extract from Report of the Directors to the General Meeting of Shareholders on the 28th of April 1836, *nearly three months* after the agreement in February.

"The Directors have now to report upon the London Office, which was commenced last year, upon trial, and which has subsequently proved so *valuable* an auxiliary to the concern, that it has been deemed necessary to make it a *permanent* agency to which *they have appointed* Mr. Cassels, late manager at the Head Office.

Letters from Joseph Harris Esq., and Hamilton Wood Esq., confirmatory of my adherence to my agreement with the Northern and Central Bank.

78, King William Street, City, 11th July 1836.

W. Gibson Cassels,

Respected Friend,

I have no hesitation in complying with thy request, by stating that I had frequent conversations with thee on the ssubject of joining a Banking company by accepting office, as General Manager but thou always declined entertaining the matter, alleging thy being engaged for several years to the northern and Central Bank, precluded the possibility of thy accepting any offer. I remain

Thine Respectfully

JOSEPH HARRIS.

Glasgow 31 July 1837.

r. W. G. Cassels

Dear Sir

In reply to your Note respecting the communication I

was authorised to make to you in June 1836 I beg to say that you stated to me it was out of your power to accept any offer that was made to you to undertake the management of any Bank until after the termination of your engagement with the Northern and Central Banking Co which you informed me was for the term of six years. I have the honor to be Your most obedient

H. WOOD.

## ERRATA.

I intended to make a list of errata but if the meaning be found, I am not anxious about being very exact.

I only state the following ;

| | | |
|---|---|---|
| Page 8, | line 13. | for 1834 read 1835. |
| 19, | 11, | delete, "date to be entered." |
| 27 | 17, | for June read July. |
| 34 | | in account read 1 400*l.* instead of 4,100*l.* for profit on shares. |

Considering my absence from documents to refer to and having no one to assist me, with workmen unaccustomed to our anguage, I know that any inaccuracies will be pardoned.

Letter omitted at page 27.

Gentlemen

The letter of 6th. July 1837 from Mr. Braidley having precluded all hope of an amicable settlement with the Northern and Central Bank, I consider it fair to inform you that I now feel myself at liberty to make use of in any way I please all letters and communications and to publish the same which have passed between you or any of you and myself. And I farther have to inform you that I intend to print and get delivered to the shareholders of the Bank a Narrative of all transactions which have taken place since I was brought from Leith in January 1834 with full extracts from the correspondence that has taken place, and to appeal to them in consequence of the extraordinary, and unexpected resolution of the Board to dismiss me from the service of the Bank. —— I give this notice because the relation in which we stand to each other is now completely changed, and letters which formerly may have been considered confidential are now necessary for my defence and exoneration from charges brought against me privately, and at Public meetings and which without the step which I now announce must be considered to be confirmed by the proceedings of the Board of Directors. I am

11th July 1837.

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Cassels, Walter Gibson
Narrative of the circumstances which have occasioned a dispute between the directors of the Northern and central bank of England

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